



# State of New Hampshire

## Comprehensive Annual Financial Report

# 2010



# Celebrating 75 Years of New Hampshire State Parks

## New Hampshire State Parks Today

 19 Campgrounds
 38 Day Use Parks
 16 Historic Sites
 6 Natural Areas
 7 Waysides
 22 State Beaches
 17 Recreational Trails
 2 Ski Areas
 606 Buildings
 P 1,500 Metered Parking Spaces
 1,900 Picnic Tables
 1,300 Campsites
 35 Staffed Toll Booths
 \$ 20 Retail Operations
 7,000 Miles Snowmobile Trails
 1,000 Miles ATV Trails

2010 celebrates the 75th Anniversary of the Division of Parks and Recreation and the state's dedication to the preservation of state lands.

In 1935, with 18 parks acquired, the state created the Forestry and Recreation Commission, which replaced the Forestry Commission. This marked the beginning of the Parks and Recreation division. Early on the Commission recognized and promoted the importance of forests as multiple-use areas valued for their saw logs but also for their recreational uses.

The state quickly acquired properties as state parks. In 1961 and 1985, the legislature clearly and appropriately defined the purposes of the State Park System codified as RSA 216-A:1. They are, in order of priority:

- To protect and preserve unusual scenic, scientific, historical, recreational, and natural areas within the state.
- To continually provide such additional park areas and facilities as may be necessary to meet the recreational needs of the citizens of all regions of the state.
- To make these areas accessible to the public for recreational, education, scientific, and other uses consistent with their protection and preservation.
- To encourage and support tourism and related economic activity within the state.

Today, the Division of Parks and Recreation manages 92 properties including campgrounds, beaches, natural areas, waysides, historic sites and recreational trails. The Division is comprised of the following four bureaus: Bureau of Park Operations, Bureau of Trails, Bureau of Historic Sites, and Cannon Mountain.



Odiorne Point State Park

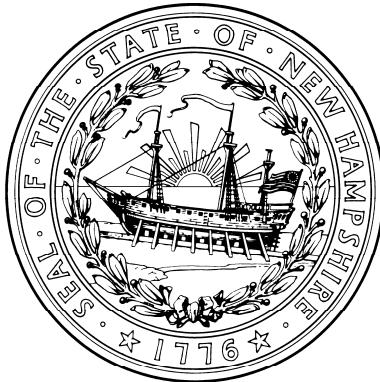
STATE OF NEW HAMPSHIRE

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**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**

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For the Fiscal Year Ended  
June 30, 2010



**Prepared by the Department of Administrative Services**

Linda M. Hodgdon, Commissioner

**Division of Accounting Services**

Edgar R. Carter, Comptroller

**and the Bureau of Financial Reporting**

Stephen C. Smith, Administrator

Diana L. Smestad

Kelly J. Brown

This document and related information can be accessed at <http://admin.state.nh.us/accounting>



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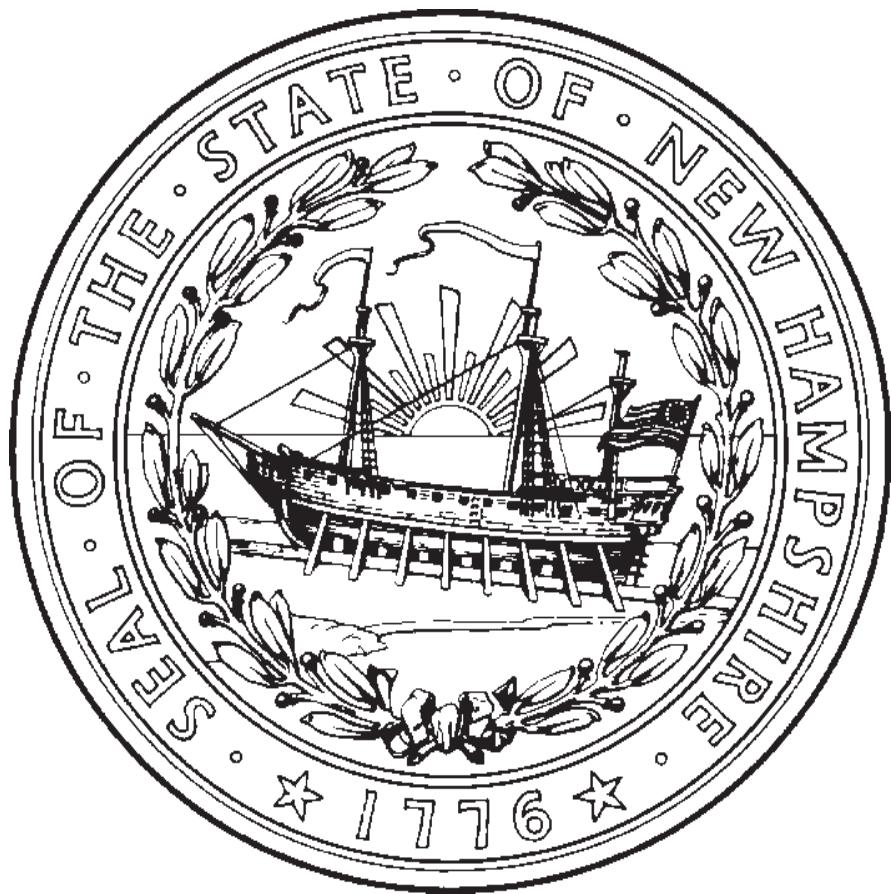
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**STATE OF NEW HAMPSHIRE****OFFICE OF THE GOVERNOR**

To: The Citizens of the State of New Hampshire and the Honorable Members of the Legislature



I am pleased to accept the Comprehensive Annual Financial Report for the State of New Hampshire for the fiscal year ended June 30, 2010.

In fiscal year 2010, the lingering effects of the national recession continued to cause significant challenges for New Hampshire families, businesses and state government. But New Hampshire also began to see signs of economic recovery in 2010: we had the second-fastest job growth in the country and our unemployment rate, the fourth lowest in the nation, steadily decreased.

For state government, the lasting impact of the recession was a significant decline in expected revenues. A mid year re-estimate predicted a revenue shortfall that would result in a \$173 million gap between anticipated revenues and budgeted appropriations for fiscal year 2010.

The State of New Hampshire acted quickly and responsibly to address the sharp decline in state revenues, making difficult choices to cut spending across state government to ensure we could meet our core responsibilities, including ensuring public safety, funding education, and protecting the health and well-being of our most vulnerable citizens. Unlike many other states, New Hampshire was able to address its challenges before the end of the fiscal year. We reduced planned general spending by \$52 million, and made other adjustments that would lead us to \$65 million of undesignated surplus at the end of fiscal year 2010.



We continued improving government efficiency, accountability and accessibility – efforts that will provide long-term savings to taxpayers. We eliminated programs, boards, and commissions that were no longer central to our mission, we closed buildings and we increased the use of technology, such as putting drivers' license renewals online, to reduce cost and improve services to citizens.

We worked with law enforcement and a bipartisan group of legislators to reform our corrections system with the goal of improving public safety by cutting down on the number of offenders who return to prison. By cutting the recidivism rate, New Hampshire will also realize a cost savings, allowing for reinvestment of those savings in corrections. We have also created greater transparency in budgeting, putting monthly spending reports online for the first time in New Hampshire. This will allow the public to more easily track how state government is spending tax dollars. We continue working to move more state services online, to streamline permitting processes and bring improved technology to state government.

Fiscal year 2010 posed significant challenges for the State of New Hampshire and for families and businesses across the state. In the face of these challenges, New Hampshire remains better positioned than most states. We have the lowest state taxes, fourth-lowest spending per capita, and we were recently recognized as one of the best-managed states. And although more challenges lay ahead, I remain optimistic that New Hampshire will continue to lead the nation in recovery from the national recession.

To the people of our great state, legislators and state employees, I very much appreciate the collective effort and hard work that went into meeting the challenges of 2010 and achieving the results documented in this report.

Sincerely,

A handwritten signature in black ink, appearing to read "John H. Lynch".

John H. Lynch

Governor



State of New Hampshire  
Selected State Officials  
For the Fiscal Year Ended June 30, 2010

***Executive Branch***

***Governor*** John H. Lynch

***Executive Council***

Raymond S. Burton, District 1

John D. Shea, District 2

Beverly A. Hollingworth, District 3

Raymond J. Wieczorek, District 4

Debora B. Pignatelli, District 5

***Attorney General***

Michael A. Delaney

***Commissioner of Administrative Services***

Linda M. Hodgdon

***Treasurer***

Catherine A. Provencher

***Secretary of State***

William M. Gardner

***Judicial Branch***

***Chief Justice of the Supreme Court***

John T. Broderick Jr.

***Legislative Branch***

***President of the Senate***

Sylvia B. Larsen

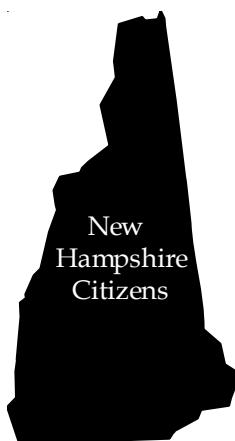
24 Senators

***Speaker of the House of Representatives***

Terie Norelli

400 Representatives

# STATE OF NEW HAMPSHIRE ORGANIZATION CHART



## LEGISLATIVE

Senate  
House of Representatives  
Legislative Services  
Legislative Budget Assistant

## EXECUTIVE

Governor  
and  
Council

## JUDICIAL

Supreme Court  
Superior Court  
District Court  
Municipal Court  
Probate Court

## STATE AGENCIES AND COMPONENT UNITS (\*)

### GENERAL GOVERNMENT

Administrative Services  
Cultural Resources  
Executive Office  
NH Retirement System\*  
Revenue Administration  
Secretary of State  
State Treasury

### ADMINISTRATION OF JUSTICE AND PUBLIC PROTECTION

Adjutant General  
Agriculture, Markets & Food  
Banking  
Corrections  
Employment Security  
Highway Safety  
Insurance  
NH Judicial Retirement Plan\*  
Justice  
Labor  
Liquor Commission  
Public Deposit Investment Pool  
Public Utilities Commission  
Racing & Charitable Gaming Commission  
Safety

### RESOURCE PROTECTION AND DEVELOPMENT

Business Finance Authority\*  
Environmental Services  
Fish and Game  
Community Development Finance  
Authority\*  
Pease Development Authority\*  
Resources and Economic Development

### TRANSPORTATION

Transportation

### HEALTH AND SOCIAL SERVICES

Health and Human Services  
Veterans' Council  
Veterans' Home

### EDUCATION

Education  
Postsecondary Education Commission  
Community College System of NH\*  
Lottery Commission  
University System of  
New Hampshire\*



# State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES  
OFFICE OF THE COMMISSIONER  
25 Capitol Street - Room 120  
Concord, New Hampshire 03301

LINDA M. HODGDON  
Commissioner  
(603) 271-3201

December 29, 2010

To: The Citizens of New Hampshire,  
His Excellency the Governor  
and the Honorable Council

In accordance with the Revised Statutes Annotated (RSA) 21-I:8,II (a), it is a pleasure to submit the Comprehensive Annual Financial Report (CAFR), covering the fiscal year ended June 30, 2010. This report has been prepared by the state Department of Administrative Services (DAS) and responsibility for both the accuracy of the data presented and completeness and fairness of the presentation, including all disclosures, rests with the State. The basic financial statements, considered by management to present fairly and consistently the state's financial position and results of operations, have been prepared in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments, as promulgated by the Governmental Accounting Standards Board (GASB).

GASB Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

The financial reporting entity includes all funds of the state as legally defined, as well as all of its component units. Component units are legally separate entities for which the state is financially accountable. Note 1 to the Basic Financial Statements provides a more complete description of the state's reporting entity. The state provides a full range of services including: the construction and maintenance of highways and infrastructure, education, health and social services, public safety, conservation of natural resources, economic development, and recreation facilities and development.

## New Hampshire's Economic Outlook

The following discussion incorporates comments from the [New Hampshire Economic Outlook](#) of New England Economic Partnership, November 17, 2010.

In the Fall of 2010, economists began reporting that the worst of the economic downturn was behind us. The economy is in recovery, although the recovery's strength and sustainability remain in question. After the recessionary period of December 2007 to June 2009, New Hampshire finds itself well positioned in having recovered half of the jobs lost in the downturn. The Granite State lost 4.5% of its jobs at the lowest point of the recession, and as of September 2010, the New Hampshire jobs base was 2% below the previous peak of December 2007.

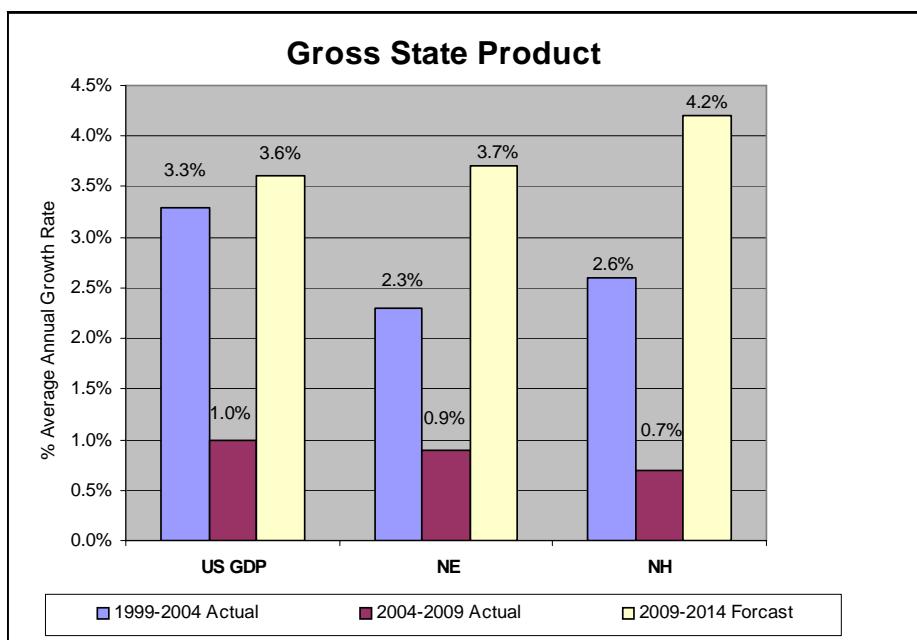
<b>New Hampshire's Economic Scoreboard for 2010</b>		
<b>Categories</b>	<b>NH's National Rank</b>	<b>NH's Rank in New England</b>
Favorable Tax Climate	1st	1st
Standard of Living (by inverse of poverty rate 2009)	1st	1st
Child and Family Well-Being (Annie E. Casey Foundation, 2010)	1st	1st
Safest State (Lowest crime rank, 2009)	1st	1st
Most Livable State (CQ Press, 2010)	1st	1st
Healthiest State (CQ Press, 2010)	5th	2nd
College Educated Population	9th	4th

The New Hampshire job recovery is surprisingly broad based. Private employment increased by 15,400 jobs between September 2009 and September 2010. Manufacturing, construction, trade, business services, education, health and leisure all showed gains. The financial activities sector was the only weak sector, losing 700 jobs in the time period.

If the current rate of growth is sustained, New Hampshire will have regained all of the jobs lost by the first quarter of 2012, and be back on the long term growth trend line by the first quarter of 2013.

There are many reasons for the resilience of the New Hampshire economy, some are found in the table on the left. New Hampshire is a moderate cost state in a high cost region, with a low tax burden, high standard of living, healthy population, is considered a very safe state, and presents a high level of educational attainment.

These New Hampshire advantages will benefit the state as it exits the recessionary period. The state remains in a stronger position than the rest of the region.



Source: Dennis Delay at NH Center for Public Policy Studies, New England Economic Partnership.

## MAJOR INITIATIVES

### NH First - The State's new Enterprise Resource Planning (ERP) System

The State of New Hampshire has been working for many years to replace our antiquated budgeting, financial and human resource systems that did not meet our business needs. The first phase of this project was completed in July of 2008, replacing the budgeting system and implementing a new chart of accounts to improve clarity of expenditures. In July of 2009, an enterprise-wide financial system (ERP) was implemented to replace the twenty-five year old mainframe general ledger system. This second phase was a major undertaking to improve the sustainability, accountability, and efficiency of financial administration, processing controls, and management information.

The ERP project is very complex and has a wide-ranging effect on how state agencies operate, manage their finances, and interact with vendors and citizens of New Hampshire. The system is used to manage and process procurement, payments and revenue collection and is designed to improve efficiency, speed of processing and the state's cash-flow.

The scale and scope of this project has been a significant undertaking given that each agency has a distinct mission/purpose and over the course of 25 years internal processes evolved to help them meet their individual business needs because the former mainframe system did not. In addition, those internal processes were not uniform. A singular migration is more complicated than otherwise would be the case. Despite these challenges, after more than three years of dedicated effort, state staff was trained and the system was made operational at the outset of fiscal year 2010.

The financial reporting in this CAFR is the result of using the ERP's new general ledger and integrated suite of business process applications for the first full fiscal year. As with any complex technical project, there have been unexpected issues, requiring analysis, diagnosis, and correction. The experience of personnel in the state has included these challenges on a very substantial level. It is through the hard work of the implementation team and project participants from dozens of agencies, and the perseverance and cooperation of all system users throughout state government that the State has successfully implemented an effective and enhanced system for accounting for the state's activities. As the processes and procedures continue to be refined, the state will continue to realize additional benefits of this investment.

Managers of the ERP implementation process are now finalizing plans for the third phase, adoption of the Human Resources/Payroll segment of the system. It is planned that this will be implemented January 2013, provided capital funding for this Phase is approved as part of the budget for the next biennium. The current HR/payroll system has been in service for over twenty years and will reach its end of serviceability in 2014. This aspect of the ERP development will add automated processes to the State's human resource management functions, such as on-line time reporting, eliminating out-dated paper processes, and introducing the opportunity for automated project labor cost allocations.

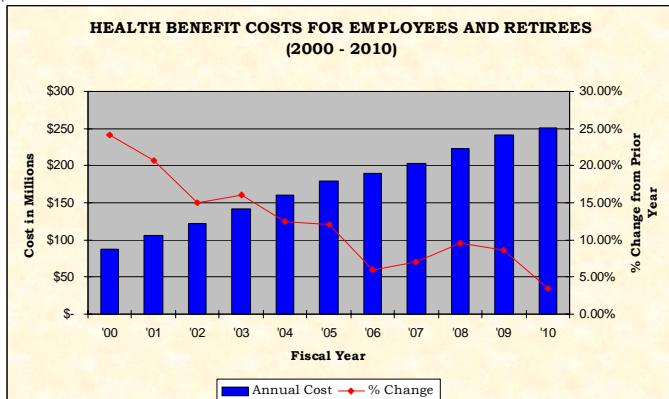
The decision to invest in this ERP project was based on several criteria not the least of which are: (1) our need to take advantage of modern processing technology to reduce costs and delays in associated paperwork, cycle-time for state procurement, payment and revenue collection. (2) The state had for many years relied on a system that had been customized to the point it could no longer be serviced or maintained by the original vendor. For decades, we have relied on experienced staff to manage the platform. As people transitioned to other jobs or retired, it became increasingly difficult to recruit new talent interested in supporting this old system. The technology itself was limited, archaic, and presented sustainability risks we needed to eliminate.

The Department of Administrative Services is extremely grateful to all the employees state-wide who participated in this difficult process. We know that this hard work will reap substantial ongoing benefits to operation of the state and to its citizens.

### Employee Benefit Risk Management Fund

Chapter 251, Laws of 2001, authorized the Commissioner of Administrative Services to provide a self-funded alternative to traditional insurance programs for employee benefits to aid in controlling the rise in health benefit costs. As a result, a new fund, titled the Employee Benefit Risk Management Fund (EBRMF), was established in October 2003. The fund was created to manage the state's self-insurance program and to pool all resources to pay for the costs associated with providing employee benefits for state employees and retirees.

Agencies are charged an actuarially determined "working rate", which is paid into this fund on a bi-weekly basis and efficiently controlled through the state's payroll system. The working rate is intended to cover the costs of anticipated claims, administrative fees and reserve requirements. Claims payments by the third party administrator to the healthcare providers are reimbursed by the state out of this fund weekly.



Now in its sixth full year of self-funding, the state has achieved, considerable cost savings. The average annual percent change in health costs has decreased from 17% for fiscal 2000-2003 to 8.5% for fiscal 2004-2010. The decrease in annual percent change during fiscal 2010 was due to more favorable claims experience along with savings from prescription benefit changes which were implemented during the year. During fiscal 2010, \$9.0 million of accumulated fund surplus was credited to the agencies as a rate holiday, resulting in \$3.7 million being returned to the General Fund.

The state continues to analyze the activity in this fund, and contracts with a consulting firm to assist and provide actuarial, claims audit and general consulting services in order to evaluate the ongoing performance of this fund and to determine the best way to control health benefit costs through this arrangement.

## MAJOR INITIATIVES - CONTINUED

### American Recovery and Reinvestment Act of 2009

On January 27, 2009, the Governor issued Executive Order 2009-1 creating the Office of Economic Stimulus ("OES"). The OES is responsible for coordinating with State agencies to ensure all conditions of the American Recovery and Reinvestment Act of 2009 ("ARRA") are met.

In state fiscal year 2010, the State received \$105.6 million in ARRA funding on Medicaid claims paid from July 1, 2009 through June 30, 2010. It is estimated that the State will receive \$ 84.2 million from this ARRA funding in state fiscal year 2011. Average Medicaid reimbursement rates for state fiscal year 2010 are 61.24% and are forecasted to be 59.59% in 2011.

The ARRA provides significant State funding through a provision known as the State Fiscal Stabilization Fund. The State's allocation totals \$200.8 million. As required by federal law, the State budgeted 81.8 percent (\$164 million) of its allocation for education. With approval from the Federal Department of Education, the State of New Hampshire utilized \$160,156,434 for primary and secondary education funding in the state fiscal year 2010. The ARRA provides that a portion of the State Fiscal Stabilization Fund can be used by states for public safety and other government services. The State has allocated this flexible portion to fund other State government services of \$34 million in fiscal year 2009 and \$2.5 million over fiscal years 2010 and 2011. The State will request reimbursement from the federal government as expenditures are incurred. The \$34 million related to fiscal year 2009 has been received by the State.

Under the federal Education Jobs Fund Public Law 111-226, New Hampshire has received \$40,988,015, which will be distributed to Local Education Agencies (LEA's) through the state's primary elementary and secondary education funding formula. To provide additional support for communities, fifty percent of these funds, \$20,494,008, will be distributed to LEAs proportionally through the state's primary elementary and secondary education funding formula as additional aid above the FY 2011 education funding distribution under state law. This additional federal aid will be available to LEAs during the current fiscal year. An LEA that has funds remaining after the 2010-2011 school year may obligate those remaining funds through September 30, 2012.

In July 2010, Network New Hampshire Now (NNHN), a collaboration of public and private partners from across the state led by the University of New Hampshire, received a \$44.5 million in economic stimulus funds for critically needed broadband expansion across the state. The \$44.5 million grant will be matched with \$22 million in private cash and in-kind funding. NNHN will expand broadband in all 10 counties in New Hampshire and also includes a wireless public safety network, connectivity for an intelligent transportation system, and last mile "fiber to the home" in two communities. The largest component is a middle mile fiber network that connects and supports the entire program, including connecting dozens of community anchor institutions, such as healthcare providers, community colleges, schools and libraries. The State has received additional direct program allocations through ARRA for specific program purposes that are being administered through various State agencies. These amounts cannot be used to offset amounts previously funded with State dollars. These amounts include:

Office of Economic Stimulus	\$200.8 million
Department of Transportation	\$139.6 million
Department of Education	\$135.5 million
Department of Environmental Services	\$ 64.5 million
Office of Energy and Planning	\$ 70.2 million
Department of Health and Human Services	\$ 25.9 million
Department of Justice	\$ 8.0 million
Department of Labor	\$ 8.0 million
Department of the Adjutant General	\$ 5.0 million
Community Development Finance Authority	\$ 2.4 million
Department of Employment Security	\$ 1.6 million
Public Utilities Commission	\$784 thousand
Department of Cultural Resources	\$293 thousand
Department of Administrative Services	\$218 thousand

## FINANCIAL INFORMATION

**Surplus Statement  
General and Education Funds**  
(In Millions)

	FY 2008		FY 2009			FY 2010		
	Total	General	Education	Total	General	Education	Total	
<b>Undesignated Fund Balance, July 1</b>	\$ 61.7	\$ 17.2	\$ -	\$ 17.2	\$ -	\$ -	\$ -	
<b>Additions:</b>								
Unrestricted Revenue	2,366.7	1,360.2	842.2	2,202.4	1,398.2	826.5	2,224.7	
Executive Order & Special Session Revenue		15.1		15.1	28.1		28.1	
Total Additions	2,366.7	1,375.3	842.2	2,217.5	1,426.3	826.5	2,252.8	
<b>Deductions:</b>								
Appropriations Net of Estimated Revenues	(2,472.9)	(1,509.2)	(897.7)	(2,406.9)	(1,440.4)	(796.8)	(2,237.2)	
Less Lapses	61.3	71.2	3.0	74.2	42.3	2.1	44.4	
Total Net Appropriations	(2,411.6)	(1,438.0)	(894.7)	(2,332.7)	(1,398.1)	(794.7)	(2,192.8)	
<b>GAAP and Other Adjustments</b>	7.2	2.1	(0.4)	1.7	(7.0)	(0.3)	(7.3)	
ARRA Stabilization		18.4		18.4			-	
<b>Current Year Balance</b>	(37.7)	(42.2)	(52.9)	(95.1)	21.2	31.5	52.7	
<b>Fund Balance Transfers (To)/From:</b>								
Rainy Day Fund		79.7		79.7				
Liquor Commission					6.5		6.5	
Highway Fund	(6.8)	(1.8)		(1.8)	6.5		6.5	
Education Trust Fund		(52.9)	52.9		31.5	(31.5)		
<b>Undesignated Fund Balance, June 30,</b>	\$ 17.2	\$ -	\$ -	\$ (0.0)	\$ 65.7	\$ -	\$ 65.7	
<b>Reserved for Rainy Day Account</b>	89.0	9.3		9.3	9.3		9.3	
<b>Total Equity</b>	\$ 106.2	\$ 9.3	\$ -	\$ 9.3	\$ 75.0	\$ -	\$ 75.0	

Effective with the close of FY 2009, a total of \$79.7 million was drawn from the Rainy Day Account, to eliminate the deficit at that time. Accordingly, FY 2010 began with no undesignated surplus. The state's revenues continued to decline from plan throughout the early part of FY 2010, and mid-year revenue estimates from the Ways and Means Committee predicted a \$295 million shortfall over the biennium, of which \$173.4 million was expected for FY 2010. On April 12, 2010, the Joint Legislative Fiscal Committee approved the Governor's Executive Order 2010-2, addressing this shortfall and effecting the Departments of Health and Human Services, Administrative Services, Corrections and Education. On June 9, 2010, the House and Senate approved Special Session House Bill 1 (SSHB1), which combined with Executive Order 2010-2, intended to address the projected shortfall. On June 10, 2010 the bill was signed into law thereby enacting revenue enhancement and spending reductions spanning the remainder of the biennium. The actions expected to affect FY 2010 included General Fund spending reductions, transfers from dedicated fund balances, increases in expected lapses, restructuring of the state debt, a transfer from the University System, transfers of State Fiscal Stabilization Funds (ARRA) from FY 2011 and the sale of assets to the Turnpike System, among others.

The General and Education Trust Funds revenues for fiscal year 2010 before legislative action and executive orders were \$2,224.7 million, which were \$34.4 million below the original enacted budget. After the effect of executive orders and SSHB1 actions, resulting in \$28.1 million of additional revenues, total revenues ended \$6.3 million under plan.

Appropriations under the original enacted budget totaled \$2,485.7. The actions of the executive order and SSHB1 served to reduce appropriations to \$2,237.2 before year end lapses. The amount of lapses anticipated in the original budget were \$23.1 million and effects of legislative actions added another \$18.4 million. Final lapses were \$44.4 million, \$2.9 greater than expectation, thereby resulting in total net appropriations of \$2,192.8 million. Transfers from other funds and the effects of adjustments to conform reporting to Generally Accepted Accounting Principles resulted in General Fund and Education Trust Fund undesignated fund balance of \$65.7 million at the end of FY 2010. A balance also remains in the Rainy Day Account of \$9.3 million. As provided by law, no further change to the Rainy Day account will be made until the end of the current biennium.

**Summary of General and Education Funds Unrestricted Revenue  
GAAP Basis (In Millions)**

<b>Revenue Category</b>	<b>FY 2008</b>	<b>FY 2009</b>			<b>FY 2010</b>			<b>FY 2010 Combined Plan</b>
		<b>General</b>	<b>Education</b>	<b>Total</b>	<b>General</b>	<b>Education</b>	<b>Total</b>	
Business Profits Tax.....	\$ 385.4	\$ 251.9	\$ 53.9	\$ 305.8	\$ 258.6	\$ 57.6	\$ 316.2	\$ 313.1
Business Enterprise Tax.....	232.7	61.9	123.4	185.3	71.7	122.2	193.9	189.7
<b>Subtotal.....</b>	<b>618.1</b>	<b>313.8</b>	<b>177.3</b>	<b>491.1</b>	<b>330.3</b>	<b>179.8</b>	<b>510.1</b>	<b>502.8</b>
Meals & Rentals Tax.....	214.3	203.6	6.1	209.7	228.3	4.2	232.5	251.1
Tobacco Tax.....	166.4	59.3	128.8	188.1	130.5	113.0	243.5	217.2
Liquor Sales and Distribution.....	133.1	146.0		146.0	120.7		120.7	117.3
Interest & Dividends Tax.....	118.7	97.1		97.1	84.9		84.9	117.0
Insurance Tax.....	95.9	94.2		94.2	86.8		86.8	85.8
Communications Tax.....	80.9	80.3		80.3	81.0		81.0	82.0
Real Estate Transfer Tax.....	116.3	53.5	27.7	81.2	56.0	28.8	84.8	84.7
Transfers from Lottery Commission.....	75.5	-	68.1	68.1		66.2	66.2	74.7
Transfers from Pari-Mutuel Commission.....	1.5		1.5	1.5		1.4	1.4	1.3
Tobacco Settlement.....	48.4	12.8	40.0	52.8	4.2	40.0	44.2	49.4
Utility Property Tax.....	24.2		29.0	29.0		29.9	29.9	28.0
Property Tax Retained Locally.....	363.1		363.7	363.7		363.2	363.2	363.0
Other.....	197.1	178.2		178.2	157.5		157.5	163.2
<b>Subtotal.....</b>	<b>2,253.5</b>	<b>1,238.8</b>	<b>842.2</b>	<b>2,081.0</b>	<b>1,280.2</b>	<b>826.5</b>	<b>2,106.7</b>	<b>2,137.5</b>
Net Medicaid Enhancement Revenues.....	-							
Recoveries.....	93.1	99.6		99.6	98.1		98.1	99.3
<b>Subtotal.....</b>	<b>20.1</b>	<b>21.8</b>	<b></b>	<b>21.8</b>	<b>19.9</b>	<b></b>	<b>19.9</b>	<b>22.3</b>
<b>Executive Orders and Special Session Revenues</b>	<b>2,366.7</b>	<b>1,360.2</b>	<b>842.2</b>	<b>2,202.4</b>	<b>1,398.2</b>	<b>826.5</b>	<b>2,224.7</b>	<b>2,259.1</b>
<b>Total.....</b>	<b>\$ 2,366.7</b>	<b>\$ 1,375.3</b>	<b>\$ 842.2</b>	<b>\$ 2,217.5</b>	<b>\$ 1,426.3</b>	<b>\$ 826.5</b>	<b>\$ 2,252.8</b>	<b>\$ 2,259.1</b>

Fiscal 2010 unrestricted revenue for the General and Education Funds totaled \$2,252.8 million which included \$28.1 million of revenue related to legislative actions discussed previously. Excluding the Special Session revenue, fiscal 2010 was short of plan by \$34.4 million. After excluding \$15.1 million of Executive Order revenues from the prior year, non Special Session and Executive Order revenues exceeded prior year by \$22.3 million. Ongoing economic weakness and the resulting impact on the investment environment and discretionary spending is believed to have contributed to the following effects on revenues:

- Interest & Dividends were below the plan by 27% and below prior year by 13%.
- Meals and Rentals Tax was below the plan by 7%, although above prior year by 11% due to a rate increase of 12.5% effective for all of FY 2010.
- Lottery Commission contributed 11% less than plan for the year and 3% under prior year, also due to increased regional competition, low Powerball jackpots and a fall off in sales of other products.
- Other taxes and revenues, comprising of numerous categories, were \$5.7 million less than plan and \$20.7 million less than prior year, primarily in miscellaneous taxes and fees.

These impacts of the economic environment were mitigated in part by the strong performance from the Tobacco Tax which was 12% above plan and 30% above prior year due to the tax rate increase of 34%, which was effective for all of FY 2010. Also, the Real Estate Transfer Tax showed signs of stabilization, ending the year slightly above plan and \$3.6 million above prior year.

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## Budgetary Process

The state budget is prepared on a biennial basis. Prior to the start of each biennium, all departments of the state are required by law to transmit to the commissioner of the Department of Administrative Services requests for capital and operating expenses and estimates for revenue for the ensuing biennium. Following public hearings and consultation with various department heads, the Governor prepares a recommended budget. The budget is forwarded to the Legislature by February 15th of the odd year for consideration. The Legislature performs its review of the proposed budget and can make further adjustments. The budget passed by the Legislature is forwarded to the Governor to be enacted into law or to be vetoed.

The legal level of budgetary control is at the department level. All departments are authorized to transfer appropriations within their departments with prior approval from the Legislative Fiscal Committee and the Executive Council.

## Internal Controls

Major fiscal responsibilities within the state are segregated among the following officials:

- **Department of Administrative Services (DAS)** - The commissioner of Administrative Services, the assistant commissioner/budget officer and the comptroller are responsible for enforcing financial policy guidelines, assisting with the development of the executive budget, collecting financial data from individual agencies, developing and reviewing appropriation control procedures, and compiling agency financial information.
- **Legislative Budget Assistant (LBA)** - The LBA, appointed by the Fiscal Committee, is responsible for ensuring that an annual audit is conducted of the state's basic financial statements prepared by the Department of Administrative Services. The LBA also provides staff assistance to the finance committees of the state Legislature. The LBA Audit Division performs various financial, compliance, and performance audits of state agencies.
- **State Treasurer** - The state treasurer, elected by the Legislature, is responsible for executing policy for the management of the state treasury and depositing and investing state funds as well as the issuing of general obligation and revenue bonds.
- **State Agencies** - Agency commissioners and directors are responsible for administering their agencies, in accordance with legislative and executive directives, to effectively service the citizens of the state.

Through FY 2010, financial transactions for the various state agencies were recorded in the New Hampshire accounting ERP System, NH FIRST (discussed above). The state's centralized accounting system and other accounting procedures are designed to provide various controls to provide reasonable, though not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use and the proper recording of financial transactions. In connection with the adoption of the State's new ERP system, substantial training was provided by DAS, which served to strengthen users' procedures and instruct them in the system of internal controls employed in its use.

## Cash and Investments

Cash and investments held by the State Treasury are generally pooled to provide adequate liquidity and to maximize earnings, whenever possible. Cash in excess of that needed for daily operations is primarily invested in money market accounts, repurchase agreements, certificates of deposit and United States Treasury and agency obligations, with the goal of enhancing safety, in accordance with state statutes and Treasury investment policy. Amounts held in banks are fully collateralized or are covered by FDIC insurance.

Pursuant to RSA 6:7-a, investment income is reported net of banking service fees. Beginning in January 2010, compensating balance arrangements were implemented with the state's largest banking partners to pay for the cost of services. The State monitors daily the operating balances to which the banks apply an earnings credit rate that is generally in excess of the rate that would otherwise be earned outside of such an arrangement. This arrangement is more advantageous to the State in the current interest rate environment.

## Insurance

Historically, the state has assumed the risk for fire, property, and general liability purposes, except where the provisions of law allow for the purchase of commercial insurance or where commercial insurance has been proven beneficial to the general public. Commercial insurance is purchased by the state to cover such things as fleet automobile, watercraft and aircraft liability, ski area operations to protect the state from liabilities resulting from the state run facility, and a faithful performance position schedule bond to protect against dishonest acts of employees. Effective May 1, 2000, commercial insurance was purchased to cover state owned buildings in the event of a catastrophic loss, with a \$1 million deductible.

Prior to July 1985, the state relied on the doctrine of sovereign immunity. Subsequently, legislation became effective creating the statute "Claims Against the State" in which sovereign immunity was waived to certain limits and would allow certain types of actions and claims to be brought against the state. The limits set by the statute are the basis for risk management programs.

## Audits

Pursuant to RSA 21-I:8,II, (a), the Legislative Budget Assistant may designate a certified public accountant not employed in state service to conduct an annual audit, in accordance with Generally Accepted Auditing Standards, of the state's basic financial statements. KPMG LLP, the designated certified public accountant, has performed an independent audit of the state's basic financial statements for the fiscal year ended June 30, 2010.

In order to comply with the Single Audit Act of 1984, the Legislative Budget Assistant also contracts for a single audit of the state as a whole, which will include a legal compliance report on all federal funds received by the state. This report (including a Schedule of Expenditures of Federal Awards received by the state and comments on internal accounting controls and compliance with laws, rules and regulations) will be published separately.

## Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the state of New Hampshire for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This is the second consecutive year that the state received this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to substantially meet the Certificate of Achievement Program's requirements.

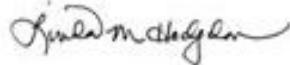
## Annual Report to the Citizens

Again in fiscal year 2010, the Department of Administrative Services will publish the *Annual Report to the Citizens*. That report presents a condensed version of the financial information contained in the CAFR, as well as an overview of state operations and other nonfinancial data. A copy of the report may be obtained from the Department of Administrative Services, 25 Capitol St. Rm 310, Concord NH 03301, or from the department's web site at <http://admin.state.nh.us/accounting>.

## Acknowledgements

In submitting this report, I acknowledge the cooperation and assistance of all the state agencies and the dedication of the employees of the Department of Administrative Services.

Respectfully submitted,



Linda M. Hodgdon, Commissioner

# Certificate of Achievement for Excellence in Financial Reporting

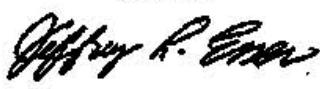
Presented to

## State of New Hampshire

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



  
President  
  
Executive Director

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# Financial Section

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### **INDEPENDENT AUDITORS' REPORT**

To the Fiscal Committee of the General Court  
 State of New Hampshire  
 Concord, New Hampshire

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New Hampshire as of and for the year ended June 30, 2010, which collectively comprise the State of New Hampshire's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of New Hampshire's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Investment Trust Fund and Judicial Retirement Plan, which represent 5.5% and 24.1% of the assets and revenues, respectively, of the aggregate remaining fund information, or the University System of New Hampshire, the Business Finance Authority, the Pease Development Authority, and the Community Development Finance Authority, which represent 97.2% and 87.6% of the assets and revenues, respectively, of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to those amounts included for those entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of New Hampshire's internal control over financial reporting. Accordingly, we express no such opinion. The financial statements of the Investment Trust Fund were not audited in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New Hampshire, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.





To the Fiscal Committee of the General Court  
State of New Hampshire

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2010, on our consideration of the State of New Hampshire's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 16 through 22, the budget to actual - budgetary basis - schedules on pages 76 through 81, and the schedules of funding progress and schedule of employer contributions on page 82 are not required parts of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of New Hampshire's basic financial statements. The introductory section, the other supplementary information and the statistical section as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections of this report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*KPMG LLP*

December 29, 2010

# MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

The following is a discussion and analysis of the financial activities of the State of New Hampshire (the state) for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information included in our letter of transmittal, which can be found at the front of this report and with the state's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS -PRIMARY GOVERNMENT

### **Government-Wide Highlights:**

**Net Assets:** The total assets of the state exceeded total liabilities at fiscal year ending June 30, 2010 by \$2.5 billion. This amount is presented as "Total Net Assets" on the Statement of Net Assets for the Total Primary Government (condensed information can be seen later in the MD&A section of this report). Of this amount, \$165.4 million was reported as unrestricted net assets, \$451.6 million was restricted net assets, and \$1.9 billion was invested in capital assets. Unrestricted net assets represent the amount available to be used to meet the state's ongoing obligations to citizens and creditors.

**Changes in Net Assets:** The state's total net assets decreased by \$9.9 million, or 0.4%, in fiscal year 2010. Net assets of governmental activities increased by \$133.6 million (6.7%), and net assets of the business-type activities showed a decrease of \$143.5 million (26.9%).

**Non-Current Liabilities:** The state's total non-current liabilities increased by \$439.9 million (33.5%) during the current fiscal year. Long-term bonded debt increased \$232.7 million or 22.0% as new issuances exceeded payments of outstanding debt. In addition, an additional \$155.4 million long-term liability was recorded for other postemployment health benefits in accordance with governmental accounting standards.

### **Fund Highlights:**

**Governmental Funds - Fund Balances:** As of the close of fiscal year 2010, the state's governmental funds reported a combined ending fund balance of \$452.3 million, an increase of \$177.9 million from the prior year. This change is inclusive of a \$1.3 million inventory reserve increase. Included in the combined governmental fund balance is the activity of the state's General Fund. The General Fund ended the year with an unreserved, undesignated surplus of \$65.7 million.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the state's basic financial statements. The state's basic financial statements include three components:

1. Government-Wide financial statements,
2. Fund financial statements, and
3. Notes to the basic financial statements.

This report also contains supplementary information in addition to the basic financial statements.

### **Government-Wide Financial Statements**

The Government-Wide Financial Statements provide a broad view of the state's finances. These statements (Statement of Net Assets and the Statement of Activities) provide both short-term and long-term information about the state's overall financial position. They are prepared using the accrual basis of accounting, which recognizes all revenues and expenses connected with the fiscal year even if cash has not been received or paid.

The **Statement of Net Assets**, beginning on page 24 presents all of the state's non-fiduciary assets and liabilities. The difference between assets and liabilities is reported as "net assets" instead of fund equity as shown on the Fund Statements. Over time, increases or decreases in the net assets may serve as a useful indicator of whether the financial position of the state is improving or deteriorating.

The **Statement of Activities**, beginning on page 26, presents information showing how the state's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and licenses and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the state.

Both of the Government-Wide Financial Statements have separate sections for three different types of state activities. These three types of activities are:

**Governmental Activities:** The activities in this section represent most of the state's basic services and are generally supported by taxes, grants and intergovernmental revenues. The governmental activities of the state include general government, administration of justice and public protection, resource protection and development, transportation, health and social services, and education.

**Business-Type Activities:** These activities are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the state include the operations of the:

- Liquor Commission,
- Lottery Commission,
- Turnpike System, and
- New Hampshire Unemployment Compensation Trust Fund.

**Discretely Presented Component Units:** Component Units are entities that are legally separate from the state, but for which the state is financially accountable. The state's discretely presented component units are presented in the aggregate in these Government-Wide Statements and include the:

- University System of New Hampshire (USNH),
- Business Finance Authority,
- Community Development Finance Authority,
- Pease Development Authority, and
- Community College System of New Hampshire.

Except for the Community College System of New Hampshire, complete financial statements of the individual component units can be obtained from their respective administrative offices. Addresses and other additional information about the state's component units are presented in the notes to the financial statements.

### **Fund Financial Statements**

A fund is a grouping of related funds that is used to maintain control over resources that have been segregated for specific activities or objectives. The state, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements, focus on the individual parts of the state government, and report the state's operations in more detail than the government-wide statements. The state's funds are divided into three categories - governmental, proprietary and fiduciary. For governmental and proprietary funds, only those funds that are considered Major Funds are reported in individual columns in the Fund Financial Statements with combining schedules in the other supplementary information section to support the Non-Major Funds column. Fiduciary funds are reported by fiduciary type (pension, private-purpose, investment trust, and agency) with combining schedules in the Supplementary Section.

**Governmental Funds:** Most of the basic services provided by the state are financed through governmental funds. Unlike the Government-Wide Financial Statements, the Governmental Fund Financial Statements report using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the state's programs. The basic Governmental Fund Financial Statements can be found on pages 30 and 32.

Because the focus of governmental funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented here with similar information presented in the Government-Wide Financial Statements. Reconciliations are provided between the Governmental Fund Statements and the Government-Wide Statements, which can be found on pages 31 and 33.

The state's major governmental funds include the General Fund, Highway Fund, and Education Fund.

Individual fund data for each of the state's non-major governmental funds (Fish and Game Fund, Capital Fund and Permanent Funds) are provided in the combining statements found on pages 88 and 89.

**Proprietary Funds:** The state's proprietary funds charge a user fee for the goods and services they provide to both the general public and other agencies within the state. These activities are reported in four enterprise funds and one internal service fund. The enterprise funds, which are all considered major funds, report activities that provide goods and services to the general public and include the operations of the Liquor Commission, Lottery Commission, Turnpike System and the New Hampshire Unemployment Trust Fund. The Internal Service Fund reports health related fringe benefit services for the state's programs and activities.

Like the Government-Wide Financial Statements, Proprietary Fund Financial Statements use the accrual basis of accounting. Therefore there is no reconciliation needed between the Government-Wide Financial Statements for business-type activities and the Proprietary Fund Financial Statements. The Internal Service Fund is reported within governmental activities on the Government-Wide Financial Statements. The basic proprietary funds financial statements can be found on pages 36-38.

**Fiduciary Funds and Similar Component Units:** These funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the resources of these funds are not available to support the state's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds in that they use the accrual basis of accounting.

The state's fiduciary funds on pages 41-42 include the:

- **Pension Trust Fund** which accounts for the activity of the state's New Hampshire Retirement System and the Judicial Retirement Plan - component units of the state,
- **Investment Trust Fund** which accounts for the activity of the external investment pool known as PDIP,
- **Private-Purpose Trust Funds** which account for the activity of trust arrangements under which principal and income benefit individuals, private organizations, or other governments, and
- **Agency Funds** which account for the resources held in a pure custodial capacity.

Individual fund detail can be found in the combining financial statements in the Other Supplementary Information Section.

### **Major Component Unit**

The state has only one major discretely presented component unit - the University System of New Hampshire and four non-major discretely presented component units. This separation is determined by the relative size of the individual entities' assets, liabilities, revenues and expenses in relation to the combined total of all component units. The combining financial statements for the component units can be found on pages 44 and 45.

### **Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements begin on page 47.

### **Required Supplementary Information**

In addition to this Management's Discussion and Analysis the basic financial statements and accompanying notes are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for each of the state's major governmental funds, and includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance as presented in the governmental fund financial statements. In addition, schedules on the funded status and employer contributions are presented for the state's Other Postemployment Benefit Plan and the Judicial Retirement Plan.

### **Other Supplementary Information**

Other supplementary information includes combining financial statements and schedules for governmental, internal service and fiduciary funds and non-major component units.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### **Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The state's combined net assets (government and business-type activities) totaled \$2.5 billion at the end of 2010, compared to \$2.5 billion at the end of the previous year.

**Investment in Capital Assets:** The largest portion of the state's net assets (75%) reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (roads and bridges), less any related outstanding debt used to acquire those assets. The state's investment in capital assets decreased \$140.5 million from prior year. This decrease was the result of a net increase in capital assets of \$74.7 million during the year combined with an increase in capital related debt of \$215.2 million. Although the state's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves generally cannot be used to liquidate these liabilities.

**Restricted Net Assets:** Another portion of the state's net assets (18%) represents resources that are subject to external restrictions on how they may be used. Internally imposed designations of resources are not presented as restricted net assets. Restricted net assets increased \$9.7 million from prior year due largely to increases in debt repayment and environmental loan reserves offset by a reduction in unemployment benefit reserves.

**Unrestricted Net Assets:** The state's unrestricted net assets, totaling \$165.4 million, increased \$120.9 million from the previous year. These assets may be used to meet the state's ongoing obligations to citizens and creditors. At the end of both the current and prior fiscal years, the state was able to report positive balances in all three categories of net assets, both for the primary government as a whole, as well as for its separate governmental and business-type activities.

Comparative Net Assets as of June 30, 2010 and 2009						
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current assets	\$ 1,209,680	\$ 889,803	\$ 222,279	\$ 280,391	\$ 1,431,959	\$ 1,170,194
Capital assets	2,487,350	2,468,371	639,964	584,236	3,127,314	3,052,607
Other assets	344,285	283,467	7,188	6,849	351,473	290,316
<b>Total assets</b>	<b>4,041,315</b>	<b>\$3,641,641</b>	<b>869,431</b>	<b>871,476</b>	<b>4,910,746</b>	<b>\$4,513,117</b>
Noncurrent liabilities	1,382,785	1,132,088	369,670	240,427	1,752,455	1,312,560
Current liabilities	534,581	519,250	110,099	97,880	644,680	677,085
<b>Total liabilities</b>	<b>1,917,366</b>	<b>1,651,338</b>	<b>479,769</b>	<b>338,307</b>	<b>2,397,135</b>	<b>1,989,645</b>
Net assets:						
Invested in capital assets,						
net of related debt	1,669,203	1,695,688	227,358	341,422	1,896,561	2,037,110
Restricted	348,708	291,513	102,937	150,387	451,645	441,900
Unrestricted	106,038	3,102	59,367	41,360	165,405	44,462
<b>Total net assets</b>	<b>\$ 2,123,949</b>	<b>\$ 1,990,303</b>	<b>\$ 389,662</b>	<b>\$ 533,169</b>	<b>\$ 2,513,611</b>	<b>\$ 2,523,472</b>

#### **Changes in Net Assets**

The state's total net assets decreased by \$9.9 million, or 0.4%, during the current fiscal year. Total revenues increased by \$1,047.5 million (19.0%) as compared to increases in expenses of \$710.2 million (12.1%).

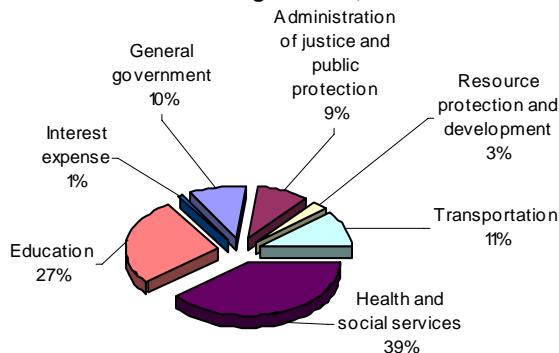
More than half of the state's revenue (68.0%) is from program revenue, consisting of charges for goods and services, and federal and local grants. Revenues not specifically targeted for a specific program are known as general revenues, which are primarily from taxes. The largest revenue increases relate primarily to increases in overall Federal Operating Grants, largely related to ARRA.

The state's expenses cover a range of services. The largest expenses were for Health and Social Services and Education, which accounted for 32.9% and 22.3% of total expenses, respectively. As compared to the prior year, the increase in total expenses of 12.1% is realized in similar percentage increases among most categories, with Health and Social Services having the largest dollar increase of \$182.4 million.

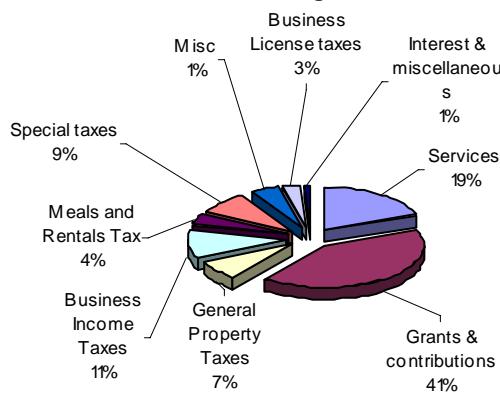
In addition, program costs enabled by funding from the American Recovery and Reinvestment Act of 2009 and expenses related to retiree health and postemployment benefits contributed to General Government, Justice and Public Protection and Transportation growing by 14.6%, 8.2% and 13.3%, respectively.

<b>Comparative Changes in Net Assets</b> For Fiscal Years Ending June 30, 2010 and 2009 (In Thousands)						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,007,357	\$ 717,926	\$ 1,288,784	\$ 1,024,858	\$ 2,296,141	\$ 1,742,784
Operating grants & contributions	1,948,200	1,599,262			1,948,200	1,599,262
Capital grants & contributions	223,103	208,309			223,103	212,261
General revenues:						
General Property Taxes	393,296	395,151			393,296	395,151
Business Income Taxes	565,825	482,597			565,825	482,597
Meals and Rentals Tax	231,663	211,414			231,663	211,414
Special taxes	464,519	473,215			464,519	473,215
Personal taxes	243,499	188,038			243,499	188,038
Business License taxes	146,684	145,973			146,684	145,973
Interest	7,037	15,291			7,037	15,291
Miscellaneous	49,648	56,174			49,648	56,174
Total revenues	<u>5,280,831</u>	<u>4,493,350</u>	<u>1,288,784</u>	<u>1,028,810</u>	<u>6,569,615</u>	<u>5,522,160</u>
<b>Expenses</b>						
General government	568,119	495,720			568,119	495,720
Administration of justice and public protection	474,095	438,273			474,095	438,273
Resource protection and development	178,406	139,574			178,406	139,574
Transportation	587,542	518,415			587,542	518,415
Health and social services	2,162,636	1,980,286			2,162,636	1,980,286
Education	1,469,926	1,346,221			1,469,926	1,346,221
Interest Expense	32,074	31,546			32,074	31,546
Turnpike System			82,237	80,433	82,237	80,433
Liquor Commission			397,490	385,794	397,490	385,794
Lottery Commission			168,853	172,630	168,853	172,630
Unemployment Compensation			458,098	280,385	458,098	280,385
Total expenses	<u>5,472,798</u>	<u>4,950,035</u>	<u>1,106,678</u>	<u>919,242</u>	<u>6,579,476</u>	<u>5,869,277</u>
Increase (decrease) in net assets before transfers	(191,967)	(456,685)	182,106	109,568	(9,861)	(347,117)
Transfers & Other Items	325,613	192,745	(325,613)	(192,745)		
Increase (Decrease) in net assets	133,646	(263,940)	(143,507)	(83,177)	(9,861)	(347,117)
Net assets, beginning of year	1,990,303	2,254,243	533,169	616,346	2,523,472	2,870,589
Net assets, end of year	<u>\$ 2,123,949</u>	<u>\$ 1,990,303</u>	<u>\$ 389,662</u>	<u>\$ 533,169</u>	<u>\$ 2,513,611</u>	<u>\$ 2,523,472</u>

**Governmental Activities - Expenses**  
**Fiscal Year Ending June 30, 2010**



**Revenues - Governmental Activities**  
**Fiscal Year Ending June 30, 2010**



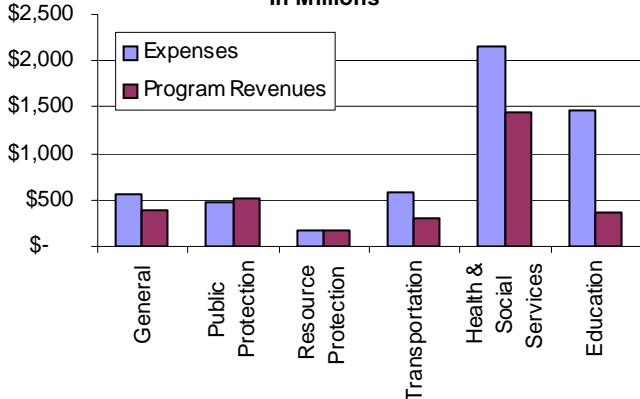
Analysis of Changes in Revenues and Expenses For Fiscal Year Ending June 30, 2010 Compared to 2009 (\$ In Millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	\$Change	% Change	\$Change	% Change	\$Change	% Change
<b>Revenues</b>						
Program revenues:						
Charges for services	289.4	40.3%	263.9	25.8%	553.4	31.8%
Operating grants & contributions	348.9	21.8%			348.9	21.8%
Capital grants & contributions	14.8	7.1%	(4.0)	-100.0%	10.8	5.1%
General revenues:						
General Property Taxes	(1.9)	-0.5%			(1.9)	-0.5%
Business Income taxes	83.2	17.2%			83.2	17.2%
Meals and Rental Taxes	20.2	9.6%			20.2	9.6%
Special taxes	(8.7)	-1.8%			(8.7)	-1.8%
Personal taxes	55.5	29.5%			55.5	29.5%
Business License taxes	0.7	0.5%			0.7	0.5%
Interest	(8.3)	-54.0%			(8.3)	-54.0%
Miscellaneous	(6.5)	-11.6%			(6.5)	-11.6%
Total revenues	787.5	17.5%	260.0	25.3%	1,047.5	19.0%
<b>Expenses</b>						
General government	72.4	14.6%			72.4	14.6%
Administration of justice and public protection	35.8	8.2%			35.8	8.2%
Resource protection and development	38.8	27.8%			38.8	27.8%
Transportation	69.1	13.3%			69.1	13.3%
Health and social services	182.4	9.2%			182.4	9.2%
Education	123.7	9.2%			123.7	9.2%
Interest Expense	0.5	1.7%			0.5	1.7%
Turnpike System			1.8	2.2%	1.8	2.2%
Liquor Commission			11.7	3.0%	11.7	3.0%
Lottery Commission			(3.8)	-2.2%	(3.8)	-2.2%
Unemployment Compensation			177.7	63.4%	177.7	63.4%
Total expenses	522.8	10.6%	187.4	20.4%	710.2	12.1%

### Governmental Activities

Governmental activities decreased the state's net assets by \$192.0 million, before transfers and other items, an improvement over prior year of \$264.7 million. Revenues increased by \$787.5 million or 17.5% from prior year to total \$5.3 billion. The growth was not sufficient to offset expenses which grew \$522.8 million or 10.6%.

A comparison of the cost of services by function for the state's governmental activities with the related program revenues is shown in the chart below. The largest expenses for the state, Health and Social Services and Education, also represent those activities that have the largest gap between expense and program revenues. Since these significant program costs are not fully recovered from program revenues, these programs are supplemented from general revenues, which primarily consist of taxes, such as the statewide property taxes, business profits tax, business enterprise tax, real estate transfer, tobacco, meals and rentals, and interest and dividends tax. The amount of general revenue supplement to these activities in FY 2010 increased by \$26.0 million for DHHS and decreased by \$79.0 million for Education.

**Expenses & Revenues Governmental Activities  
Fiscal Year Ending June 30, 2010  
In Millions**



### Business-Type Activities

Charges for goods and services for the state's combined business type activities were more than adequate to cover the operating expenses and resulted in net assets increasing by \$182.1 million prior to transfers, \$72.5 million more than the prior year. Business-Type activities include the operations from the Liquor Commission, Lottery Commission, Unemployment Compensation Fund, and Turnpike Fund.

Operations of the Liquor Commission generated net income before capital asset transfers of \$133.5 million, a 9.7% increase from prior year, all of which was transferred to the General Fund to fund the general operations of the state. A decline in lottery ticket sales during the year contributed to a \$68.7 million net income (a decrease from prior year of 3.5%) from the Lottery Commission which was transferred to the Education Fund.

Turnpike System net assets decreased by \$84.5 million as a result of inter-agency transfers. The operations of the Unemployment Compensation fund yielded a loss of \$58.4 million reducing its net assets as a result of the weak economy leading to higher unemployment benefit payments this fiscal year.

### FINANCIAL ANALYSIS OF THE STATE'S FUNDS

As noted earlier, the state uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the state's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the state's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

#### General Fund

The general fund is the chief operating fund of the state. The total fund equity at June 30, 2010 is \$370.9 million. The general fund ended the year with an unreserved, undesignated balance of \$65.7 million after closing the prior year with no surplus. The increase is due largely to unexpected higher accrued tax revenues at the end of FY 2010. No adjustment is made to the Rainy Day account until the end of the current biennium.

#### Education Fund

The education fund, before year end transfers, had a surplus of \$31.5 million, attributable to higher tax revenues than anticipated. This surplus was transferred to the general fund bringing the education undesignated fund balance to zero at June 30.

#### Highway Fund

The highway fund ended the year with an unreserved, undesignated surplus of \$8.9 million, which represents a \$63.8 million improvement from the prior year. This can be attributed to higher business license taxes, federal grants, and an intra-entity sale of an asset to the Turnpike System. See "Footnote 14 Highway" in the Notes to the Basic Financial Statements.

## **Proprietary Funds**

The state's proprietary fund statements provide the same type of information found in the Government-Wide Financial Statements, but in more detail. Like the Government-Wide Financial Statements, Proprietary Fund Financial Statements use the accrual basis of accounting. Therefore there is no reconciliation needed between the Government-Wide Financial Statements for business-type activities and the Proprietary Fund Financial Statements.

## **BUDGETARY HIGHLIGHTS**

During the fiscal year, the original budget was amended by various supplemental appropriations and appropriation revisions. Budget to Actual Schedules for the major governmental funds are in the Required Supplementary Information section beginning on page 76.

### **General Fund:**

The increase from the original budget of \$4,703 million to the final budget of \$4,816 million is \$113 million and represents additional appropriations issued after July 1, 2009 and are composed of the following (*in millions*):

• Office of Energy and Planning		\$50
ARRA - State Energy Funds		
ARRA - Energy Efficiency Grants		
ARRA - Weatherization		
• Dept. of Education	38	
ARRA Local Education Agencies		
• Office of Health & Human Services	32	
ARRA - Medical Assistance Programs		
Homeless Prevention		
• Dept. of Safety	22	
Emergency Assistance Funds		
Disaster Assistance Funds		
Flood Mitigation Assistance		
• Dept. of Resources and Economic Dev	17	
Workforce Opportunity Council		
• Various Other	14	
• Transfers and Appropriation Reduction	(60)	
Total		<u>\$ 113</u>

The largest negative variances from the final budget to actual amounts were for grant revenues. Grants from Federal, Private and Local Sources had a combined unfavorable variance of \$566 million. The unfavorable variances in grant revenues are due to timing differences that extend beyond the state's fiscal year and therefore revenue is not drawn down until expenditures are incurred.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The state's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounted to \$5.8 billion, with accumulated depreciation amounts of \$2.7 billion, leaving a net book value of \$3.1 billion, an increase of \$74.7 million from prior year. The investment in capital assets includes equipment, real property, infrastructure, computer software, and construction in progress. Infrastructure

assets are items that are normally immovable, of value only to the state and include only roads and bridges. The net book value of the state's infrastructure for its roads and bridges approximates \$1.7 billion, which decreased \$27.1 million from the previous year as current year additions of \$53.0 million were less than the total deletions and depreciation of \$80.1 million.

Additional information on the state's capital assets can be found in Footnote 4 of the Notes to the Basic Financial Statements.

### **Debt Administration**

The state may issue general obligation bonds, revenue bonds, and notes in anticipation of such bonds authorized by the Legislature and Governor and Council. The state may also directly guarantee certain authority or political subdivision obligations. At the end of the current fiscal year, the state had total bonded debt outstanding of \$1,238.2 million. Of this amount, \$860.0 million are general obligation bonds, which are backed by the full faith and credit of the state. The remainder of the state's bonded debt is Turnpike revenue bonds, which are secured by the specified revenue sources within the Turnpike System.

On August 17, 2009 the State issued a \$1.9 million general obligation capital improvement bond. The bond was sold through a private placement with the New Hampshire Municipal Bond Bank (NHMBB) to be used as an investment in its debt service reserve fund. The bond pays a 5% coupon and matures on August 15, 2029.

On August 24, 2009 the State issued \$50.0 million in bond anticipation notes through its Commercial Paper Program. These short term notes sold with interest rates from .30% to .40% were used to fund ongoing capital improvement projects in advance of the December 15, 2009 long-term bond issue. These notes matured and were paid off on January 20, 2010.

On November 18, 2009, the Turnpike System issued \$67.2 million in tax-exempt refunding bonds that refunded bonds issued in 1999. This refunding resulted in net present value savings of \$8.2 million or 11.74%. Debt service on the prior refunded bonds totaled \$111.1 million and debt service on the new refunding bonds totals \$87.5 million. In addition, on November 18, 2009, the Turnpike System issued \$150 million in federally taxable Build America Bonds ("BABS") with federal subsidy payments of 35% of the interest due paid to the Turnpike System through the State in the form of a direct payment to be received as interest payments are made by the State.

On December 15, 2009, the State issued \$50 million of tax exempt general obligation capital improvement bonds. Interest rates on the bonds range from 3% to 5% with maturities ranging from 2011 to 2017. In addition, on December 15, 2009, the State issued \$75 million in federally taxable Build America Bonds ("BABs") with federal subsidy payments of 35% of the interest due paid to the State in the form of a direct payment to be received as interest payments are made by the State. Interest rates on the bonds range from 4.125% to 5.5% with maturities ranging from 2017 to 2029.

On January 19, 2010, the State issued a \$2.4 million general obligation capital improvement bond. Similar to the small issue in August, the bond was sold via private placement to the NHMBB to be used as an investment in its debt service reserve fund. The bond pays a 4% coupon and matures on January 15, 2030.

On April 8, 2010, the State issued \$153.3 million of general obligation refunding bonds. The maturity dates on these serial bonds range from 2011 to 2024 with coupon rates from 2% to 5%. The refunding resulted in \$6.5 million in savings on a cash basis, representing a 2% savings over the life of the issue as measured by a net present value basis. Debt service on the prior refunded bonds totaled \$232.4 million; new debt service on the refunding bonds totals \$225.9 million.

The state does not have any debt limitations, except for contingent debt guarantees, which are detailed in the notes to the financial statements. Additional information on the state's long-term debt obligations can be found in Footnote 5 of the Notes to the Financial Statements.

Fitch Ratings has assigned the state's bond rating of AA+, Moody's Investors Service of Aa1, and Standards & Poor's of AA.

## ECONOMIC CONDITIONS AND OUTLOOK

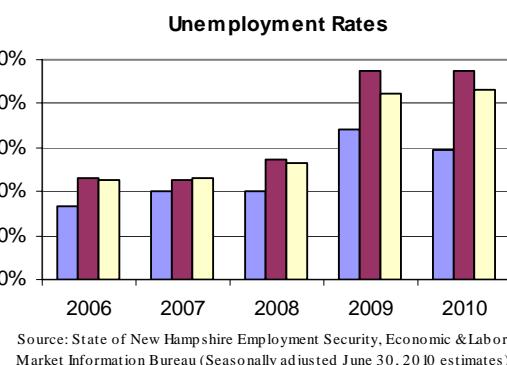
Along with the nation and the region, the state's economy is emerging from recession with some challenges ahead. Due to a favorable tax climate for both business and the individual coupled with high quality of life and standard of living has made New Hampshire a competitive state. As a result, New Hampshire did not weaken as much as the region or the nation. The state's unemployment rate of 5.9% continues to be below the New England and national averages of 8.6% and 9.5%, respectively.

Current forecasts indicate that New Hampshire's recession is over, but any recovery will be slow through much, if not all of 2011. General and Education Fund revenues for the first five months of fiscal year 2011 were \$682.8 million, which were \$8.5 million (1.2%) below plan but \$7.2 million (1.1%) above prior year. Consistent with lingering recessionary pressures, revenue sources from investment and consumer sectors are driving the underperformance in revenue from plan. The Interest and Dividends Tax was \$1.3 million (7.3%) below plan. Real Estate Transfer Tax collections were \$5.6 million (13.3%) below plan. Transfers from Liquor and Lottery Commission were \$1.3 million (2.3%) and \$6.1 million (22.4%) below plan, respectively.

Going forward, the state will be monitoring revenue collections closely. The state will continue to manage spending and institute budget reductions and program savings initiatives where needed.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the state's finances for all of New Hampshire citizens, taxpayers, customers, investors and creditors. This financial report seeks to demonstrate the state's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: State of New Hampshire, Department of Administrative Services, Division of Accounting Services, 25 Capitol Street, State House Annex Room 310, Concord, NH 03301.



## **Basic Financial Statements**

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**STATE OF NEW HAMPSHIRE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**  
(Expressed in Thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total		
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents.....	\$ 432,642	\$ 98,883	\$ 531,525	\$ 290,305	
Cash and Cash Equivalents-Restricted.....		109,001	109,001	1,193	
Receivables (Net of Allowances for Uncollectibles)....	671,991	65,022	737,013	50,493	
Other Receivables-Restricted.....				1,984	
Internal Balances Receivable (Payable).....	(5,937)	5,937			
Internal Notes Receivable (Payable).....	91,127	(91,127)			
Due from Primary Government.....				2,278	
Due from Component Units.....	2,820		2,820		
Inventories.....	17,037	34,271	51,308		
Other Current Assets.....		292	292	7,003	
Total Current Assets.....	1,209,680	222,279	1,431,959	353,256	
<b>Noncurrent Assets:</b>					
Receivables (Net of Allowances for Uncollectibles)....	315,558		315,558	35,699	
Due from Component Units.....	6,044		6,044		
Investments.....	22,683		22,683	316,574	
Bond Issue Costs.....		3,250	3,250		
Other Assets.....		3,938	3,938	31,461	
<b>Capital Assets:</b>					
Land & Land Improvements.....	600,729	111,826	712,555	16,943	
Buildings & Building Improvements.....	765,436	25,346	790,782	1,474,596	
Equipment & Computer Software.....	289,492	43,027	332,519	134,565	
Construction in Progress.....	207,202	76,758	283,960	57,966	
Infrastructure.....	3,036,173	671,146	3,707,319		
Less: Allowance for Depreciation .....	(2,411,682)	(288,139)	(2,699,821)	(642,354)	
Net Capital Assets.....	2,487,350	639,964	3,127,314	1,041,716	
Total Noncurrent Assets.....	2,831,635	647,152	3,478,787	1,425,450	
Total Assets.....	4,041,315	869,431	4,910,746	1,778,706	
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable.....	275,064	48,874	323,938	53,955	
Accrued Payroll.....	42,322	2,771	45,093	4,748	
Due to Primary Government.....				2,820	
Due to Component Units.....	2,278		2,278		
Unearned Revenue.....	62,694	10,133	72,827	45,076	
Unclaimed Property & Prizes.....	15,168	917	16,085		
General Obligation Bonds Payable.....	87,976	584	88,560		
Claims & Compensated Absences Payable .....	44,288	1,587	45,875	10,913	
Postemployment Benefits Payable.....			-	4,706	
Other Liabilities.....	4,791	21,165	25,956	9,228	
Other Liabilities-Restricted.....		6,918	6,918	2,562	
Revenue Bonds Payable-Restricted.....		17,150	17,150		
Revenue Bonds Payable.....				72,074	
Total Current Liabilities.....	534,581	110,099	644,680	206,082	

**STATE OF NEW HAMPSHIRE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**  
**(Expressed in Thousands)**

	<b>Primary Government</b>			<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>		
<b>LIABILITIES - CONTINUED</b>					
<b>Noncurrent Liabilities:</b>					
General Obligation Bonds Payable, Net .....	771,424		771,424		
Revenue Bonds Payable, Net .....		361,090	361,090	377,730	
Bond Anticipation Notes.....	50,000		50,000		
Claims & Compensated Absences Payable .....	79,792	5,896	85,688	33,430	
Postemployment Benefits Payable.....	450,602		450,602	42,608	
Due to Primary Government.....				6,044	
Other Noncurrent Liabilities.....	30,967	2,684	33,651	108,830	
<b>Total Noncurrent Liabilities.....</b>	<b>1,382,785</b>	<b>369,670</b>	<b>1,752,455</b>	<b>568,642</b>	
<b>Total Liabilities.....</b>	<b>\$ 1,917,366</b>	<b>\$ 479,769</b>	<b>\$ 2,397,135</b>	<b>\$ 774,724</b>	
<b>NET ASSETS</b>					
Invested in Capital Assets, net of related debt.....	\$ 1,669,203	\$ 227,358	\$ 1,896,561	\$ 563,127	
Restricted for Debt Repayments.....		51,418	51,418		
Restricted for Unemployment Benefits .....		47,581	47,581		
Restricted for Permanent Funds-Non-Expendable.....	14,217		14,217		
Restricted for Prize Awards - MUSL & Tri-State.....		3,938	3,938		
Restricted for Environmental Loans.....	325,179		325,179		
Restricted for Revenue Stabilization.....	9,312		9,312		
Restricted Component Unit Net Assets.....				271,825	
Unrestricted Net Assets.....	106,038	59,367	165,405	169,030	
<b>Total Net Assets.....</b>	<b>\$ 2,123,949</b>	<b>\$ 389,662</b>	<b>\$ 2,513,611</b>	<b>\$ 1,003,982</b>	

26 • NEW HAMPSHIRE  
**STATE OF NEW HAMPSHIRE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Operating Grants</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities:</b>				
General Government.....	\$ 568,119	\$ 317,542	\$ 71,450	
Administration of Justice & Public Protection.....	474,095	411,353	98,358	\$ 30
Resource Protection and Development.....	178,406	76,960	95,339	
Transportation.....	587,542	69,046	8,193	218,051
Health and Social Services.....	2,162,636	123,906	1,315,215	
Education.....	1,469,926	8,550	359,645	5,022
Interest Expense.....		32,074		
Total Governmental Activities.....	5,472,798	1,007,357	1,948,200	223,103
<b>Business-type Activities:</b>				
Turnpike System.....		82,237	120,511	
Liquor Commission.....		397,490	530,936	
Lottery Commission.....		168,853	237,591	
Unemployment Compensation.....		458,098	399,746	
Total Business-type Activities.....		1,106,678	1,288,784	
Total Primary Government.....	\$ 6,579,476	\$ 2,296,141	\$ 1,948,200	\$ 223,103
<b>COMPONENT UNITS</b>				
University System of New Hampshire.....	\$ 730,034	\$ 514,863	\$ 142,683	\$ 8,330
Non-Major Component Units.....	156,476	79,525	42,631	
Total Component Units.....	\$ 886,510	\$ 594,388	\$ 185,314	\$ 8,330
<b>General Revenues:</b>				
General Property Taxes.....				
Business Income Taxes.....				
Meals and Rental Taxes.....				
Special Taxes.....				
Personal Taxes.....				
Business License Taxes.....				
Interest & Investment Income.....				
Miscellaneous.....				
Payments from State of New Hampshire.....				
Transfer of Capital Assets .....				
Transfers - Internal Activities .....				
Total General Revenues and Transfers.....				
Changes in Net Assets.....				
<b>Net Assets - Beginning.....</b>				
<b>Net Assets - Ending.....</b>				

**Net (Expenses) Revenues and Changes in Net Assets****Primary Government**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (179,127)		\$ (179,127)	
35,646		35,646	
(6,107)		(6,107)	
(292,252)		(292,252)	
(723,515)		(723,515)	
(1,096,709)		(1,096,709)	
(32,074)		(32,074)	
<b>(2,294,138)</b>		<b>(2,294,138)</b>	

\$ 38,274	38,274	
133,446	133,446	
68,738	68,738	
(58,352)	(58,352)	
<b>182,106</b>	<b>182,106</b>	
<b>\$ (2,294,138)</b>	<b>\$ 182,106</b>	<b>\$ (2,112,032)</b>

\$ (64,158)	
(34,320)	
<b>\$ (98,478)</b>	

393,296	393,296	
565,825	565,825	
231,663	231,663	
464,519	464,519	
243,499	243,499	
146,684	146,684	
7,037	7,037	19,115
49,648	49,648	
		<b>158,631</b>
116,565	(116,565)	
209,048	(209,048)	
<b>2,427,784</b>	<b>(325,613)</b>	<b>2,102,171</b>
<b>133,646</b>	<b>(143,507)</b>	<b>(9,861)</b>
<b>1,990,303</b>	<b>533,169</b>	<b>2,523,472</b>
<b>\$ 2,123,949</b>	<b>\$ 389,662</b>	<b>\$ 2,513,611</b>
		<b>\$ 1,003,982</b>



## Fund Financial Statements

### Governmental Funds

**General Fund:** *The General Fund is the state's primary operating fund and accounts for all financial transactions not accounted for in any other fund.*

**Highway Fund:** *Under the state Constitution, all revenues in excess of the necessary cost of collection and administration accruing to the state from motor vehicle registration fees, operators' licenses, gasoline road toll, or any other special charges or taxes with respect to the operation of motor vehicles or the sale or consumption of motor vehicle fuels are appropriated and used exclusively for the construction, reconstruction, and maintenance of public highways within this state, including the supervision of traffic thereon and for the payment of the interest and principal of bonds issued for highway purposes. All such revenues, together with federal grants-in-aid and American Recovery and Reinvestment Act funds received by the state for highway purposes, are credited to the Highway Fund. While the principal and interest on state highway bonds are charged to the Highway Fund, the assets of this fund are not pledged to such bonds.*

**Education Trust Fund:** *The Education Trust Fund was established to distribute adequate education grants to school districts. Funding for the grants comes from a variety of sources, including the statewide property and utility taxes, incremental portions of existing business and tobacco taxes, sweepstakes funds, and tobacco settlement funds.*

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**STATE OF NEW HAMPSHIRE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**  
(Expressed in Thousands)

	General	Highway	Education	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ 366,189	\$ 7,219	\$ 7,870	\$ 15,036	\$ 396,314
Investments .....	12,938			9,745	22,683
Receivables (Net of Allowances for Uncollectibles)....	494,682	48,571	106,229	2,342	651,824
Inter-Fund Note Receivable.....		91,127			91,127
Due from Other Funds .....	33,825	30,005	213	1,740	65,783
Due from Component Units.....	8,864				8,864
Inventories.....	5,674	10,470		893	17,037
Loans and Notes Receivables .....	333,464				333,464
<b>Total Assets .....</b>	<b>\$ 1,255,636</b>	<b>\$ 187,392</b>	<b>\$ 114,312</b>	<b>\$ 29,756</b>	<b>\$ 1,587,096</b>
<b>LIABILITIES</b>					
Accounts Payable.....	\$ 234,258	\$ 26,779	\$ 2,794	\$ 11,197	\$ 275,028
Accrued Payroll.....	36,314	5,229		779	42,322
Due to Other Funds .....	37,901		33,819		71,720
Due to Component Unit.....	2,278				2,278
Deferred Revenue .....	558,652	93,741	75,600	91	728,084
Unclaimed Property.....	15,168				15,168
Other Liabilities.....	141	18		20	179
<b>Total Liabilities.....</b>	<b>884,712</b>	<b>125,767</b>	<b>112,213</b>	<b>12,087</b>	<b>1,134,779</b>
<b>FUND BALANCES</b>					
Reserved for Encumbrances.....	251,743	30,591		58,657	340,991
Reserved for Inventories.....	5,674	10,470		893	17,037
Reserved for Unexpended Appropriations.....	38,514	11,668	2,099	3,840	56,121
Reserved for Revenue Stabilization.....	9,312				9,312
Reserved for Permanent Trust .....				14,217	14,217
Unreserved, Undesignated (Note 14).....	65,681	8,896			74,577
Unreserved, Fish & Game Fund.....				3,581	3,581
Unreserved (Deficit), Capital Project Fund.....				(63,519)	(63,519)
<b>Total Fund Balances.....</b>	<b>370,924</b>	<b>61,625</b>	<b>2,099</b>	<b>17,669</b>	<b>452,317</b>
<b>Total Liabilities and Fund Balances.....</b>	<b>\$ 1,255,636</b>	<b>\$ 187,392</b>	<b>\$ 114,312</b>	<b>\$ 29,756</b>	<b>\$ 1,587,096</b>

**STATE OF NEW HAMPSHIRE**  
**RECONCILIATION OF THE BALANCE SHEET-**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**  
**(Expressed in Thousands)**

Total fund balances for governmental funds \$ 452,317

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds 2,487,350

Certain tax revenues and loans are earned but not available and therefore are deferred in the funds:

Business Taxes, I&D, Meals & Rooms, and Utility Property	230,429
Medicaid Hospital Reimbursements	6,652
Highway Fund Federal and Municipal Billings	153
Highway Fund Note Receivable from Turnpike System	91,127
Indigent Representation Advances	2,986
SRF Loans	325,179
Component Unit Loans	<u>8,864</u>
	665,390

Internal service funds are used by management to charge the costs of certain activities, such as risk management and health related fringe benefits, to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Assets.

20,447

Certain long term liabilities are not payable by current available resources and therefore are not reported in the funds:

Compensated Absences, Workers Compensation and Health Claims	(105,974)
Other Postemployment Benefits	(450,602)
Pollution Remediation Obligation	(29,504)
Capital Lease Obligations	(3,377)
Bond Anticipation Notes	(50,000)
Bond Payables	(859,400)
Litigation Payable	(950)
Interest Payable	<u>(1,748)</u>
	(1,501,555)

Net Assets of Governmental Activities \$ 2,123,949

**STATE OF NEW HAMPSHIRE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**(Expressed in Thousands)**

	General	Highway	Education	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
General Property Taxes.....	\$ 203		\$ 393,093		\$ 393,296
Special Taxes.....	995,366		212,814		1,208,180
Personal Taxes.....	130,495		113,004		243,499
Business License Taxes.....	18,824	\$ 146,684			165,508
Non-Business License Taxes.....	88,586	119,790		\$ 8,502	216,878
Fees.....	170,797	22,197		1,337	194,331
Fines, Penalties and Interest.....	11,161	645	2	145	11,953
Grants from Federal Government.....	1,684,782	206,726	160,156	22,003	2,073,667
Grants from Private and Local Sources.....	106,886	3,679		1,512	112,077
Rents and Leases.....	10,201	149			10,350
Interest, Premiums and Discounts.....	11,950			339	12,289
Sale of Commodities.....	11,453	137		239	11,829
Sale of Service.....	60,077	33,587		3	93,667
Assessments.....	81,008	1			81,009
Grants from Other Agencies.....	111,427	2,528		4,251	118,206
Miscellaneous.....	137,369	40,314	40,000	1,748	219,431
Total Revenues.....	3,630,585	576,437	919,069	40,079	5,166,170
<b>EXPENDITURES</b>					
General Government.....	419,267			1,093	420,360
Administration of Justice and Public Protection.....	414,520	1,553			416,073
Resource Protection and Development.....	214,540			24,635	239,175
Transportation.....	24,447	512,105			536,552
Health and Social Services.....	2,133,003			626	2,133,629
Education.....	408,964		953,064		1,362,028
Debt Service.....	97,536	13,143		445	111,124
Capital Outlay.....	22,129	22,384		152,829	197,342
Total Expenditures.....	3,734,406	549,185	953,064	179,628	5,416,283
Excess (Deficiency) of Revenues Over (Under) Expenditures.....	(103,821)	27,252	(33,995)	(139,549)	(250,113)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In .....	41,651			1,593	43,244
Transfers in from Enterprise Funds.....	141,464		67,584		209,048
Transfers Out.....		(9,262)	(31,490)	(2,492)	(43,244)
Capital Lease Acquisition.....	157				157
Issuance of BANS.....				50,000	50,000
Payments to Refunding Bond Escrow Agent.....				(168,608)	(168,608)
Installments on Sale of Assets.....		30,000			30,000
G.O. Bond Premiums.....				23,509	23,509
G.O. Bond Issuance.....				282,599	282,599
Total Other Financing Sources (Uses).....	183,272	20,738	36,094	186,601	426,705
Net Change in Fund Balances.....	79,451	47,990	2,099	47,052	176,592
Fund Balance (Deficit) - July 1 .....	291,901	12,094		(29,559)	274,436
Change in Reserve for Inventory.....	(428)	1,541		176	1,289
Fund Balance - June 30.....	\$ 370,924	\$ 61,625	\$ 2,099	\$ 17,669	\$ 452,317

The notes to the financial statements are an integral part of this statement

**STATE OF NEW HAMPSHIRE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**(Expressed in Thousands)**

Net change in fund balances - total governmental funds, including change in reserve for inventory \$ 177,881

Revenue recognized on the Statement of Activities that do not provide current financial resources on the fund statements resulted in a net decrease from prior year 105,892

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Land & Land Improvements	10,570
Buildings & Building Improvements	51,818
Equipment & Computer Software	20,495
Construction in Progress	19,620
Infrastructure	(12,555)
Accumulated Depreciation, net of Disposals	<u>(70,969)</u> 18,979

Internal service funds are used by management to charge the costs of certain activities, such as risk management and health related fringe benefits, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities. 8,066

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds exceeded repayments.

Bond Proceeds & Premiums Received	(290,804)
Repayment of Bond Principal & Interest	243,697
Bond Anticipation Note Proceeds	(50,000)
Accretion of Bonds Payable	(2,942)
Accrued Interest & Amortization	<u>2,708</u> (97,341)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. Elimination of the following expenses resulted in a net increase from prior year:

Changes in Compensated Absences, Workers Compensation and Health Claims	385
Other Postemployment Benefits	(155,361)
Pollution Remediation Obligation	(321)
Legal Contingency	(950)
Change in Capital Lease Obligation	661
SRF loan program	<u>75,755</u> (79,831)

Change in net assets of governmental activities	<u>\$ 133,646</u>
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## Proprietary Fund Financial Statements

### **Enterprise Funds:**

**Turnpike System:** The state constructs, maintains, and operates transportation toll facilities. The Turnpike System, presently consists of 90 .6 miles of limited access highway, 36 miles of which are part of the U.S. Interstate Highway System. The Turnpike System comprises a total of approximately 617 total lane miles. The Turnpike System primarily serves the major cities located in the central and eastern sections of southern New Hampshire. The Legislature has established a 10-year state highway construction and reconstruction plan and authorized major expansion and improvement projects as part of a Capital Improvement Program.

**Liquor Commission:** Receipts from operations are deposited in to the Liquor Commission Fund from which all expenses of the Commission are paid. Any excess funds of the Commission is transferred to the General Fund on a daily basis. By statute, all liquor and beer sold in the state must be sold through a sales and distribution system operated by the state Liquor Commission, comprising three members appointed by the Governor with the consent of the Executive Council. The Commission makes all liquor purchases directly from the manufacturers and importers and operates state liquor stores in cities and towns that accept the provisions of the local option law. The Commission is authorized to lease and equip stores, warehouses, and other merchandising facilities for liquor sales, to supervise the construction of state-owned liquor stores at various locations in the state, and to sell liquor through retail outlets as well as direct sales to restaurants, hotels, and other organizations. The Commission also charges permit and license fees for the sale of beverages through private distributors and retailers and an additional fee of 30 cents per gallon on beverages sold by such retailers.

**Lottery Commission:** The state sells lottery games through some 1,250 agents, including state liquor stores, licensed racetracks, and private retail outlets. Through the sale of lottery tickets, revenue is generated for prize payments and commission expenses, with the net income used for aid to education. This net income is transferred to the Education Fund and then transferred to the local school districts.

**New Hampshire Unemployment Compensation Trust Fund:** Receives contributions from employers and provides benefits to eligible unemployed workers.

### **Internal Service Fund:**

The employee benefit risk management fund reports the health related fringe benefit services for the state. The fund was created to account for the state's self-insurance program and to pool all resources to pay for the cost associated with providing these benefits to active employees and retirees.

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**STATE OF NEW HAMPSHIRE**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2010**  
**(Expressed in Thousands)**

	Business-Type Activities - Enterprise Funds					Governmental Activities	
	Turnpike System	Liquor Commission	Lottery Commission	Unemployment Compensation	Total	Internal Service Fund	
<b>ASSETS</b>							
<b>Current Assets:</b>							
Cash and Cash Equivalents.....	\$ 77,466	\$ 2,120	\$ 1,475	\$ 17,822	\$ 98,883	\$ 36,328	
Cash and Cash Equivalents-Restricted.....	109,001				109,001		
Receivables (Net of Allowances for Uncollectibles)...	5,310	7,861	1,119	50,732	65,022	2,261	
Due from Other Funds.....	10	6,201	199		6,410		
Inventories.....	927	32,591	753		34,271		
Other Current Assets.....	114		178		292		
Total Current Assets.....	192,828	48,773	3,724	68,554	313,879	38,589	
<b>Noncurrent Assets:</b>							
Bond Issue Costs.....	3,250				3,250		
Capital Assets:							
Land & Land Improvements.....	108,751	3,075			111,826		
Buildings & Building Improvements.....	4,831	20,515			25,346		
Equipment & Computer Software.....	37,167	5,342	518		43,027		
Construction in Progress.....	76,758				76,758		
Infrastructure.....	671,146				671,146		
Less: Allowance for Depreciation & Amortization....	(270,808)	(16,910)	(421)		(288,139)		
Net Capital Assets.....	627,845	12,022	97		639,964		
Other Assets.....			3,938		3,938		
Total Noncurrent Assets.....	631,095	12,022	4,035		647,152		
Total Assets.....	823,923	60,795	7,759	68,554	961,031	38,589	
<b>LIABILITIES</b>							
<b>Current Liabilities:</b>							
Accounts Payable.....	6,547	41,162	1,165		48,874	36	
Accrued Payroll.....	962	1,529	280		2,771		
Due to Other Funds.....	55	199	219		473		
Deferred Revenue.....	7,475	1,916	742		10,133		
Unclaimed Prizes.....			917		917		
General Obligation Bonds Payable.....	584				584		
Revenue Bonds Payable-Current.....	17,150				17,150		
Note Payable to Highway Fund.....	15,350				15,350		
Accrued Interest Payable.....	6,918				6,918		
Claims & Compensated Absences Payable.....	457	1,001	129		1,587	18,106	
Other Liabilities.....	60	132		20,973	21,165		
Total Current Liabilities.....	55,558	45,939	3,452	20,973	125,922	18,142	
<b>Noncurrent Liabilities:</b>							
Revenue Bonds Payable .....	361,090				361,090		
Note Payable to Highway Fund.....	75,777				75,777		
Claims & Compensated Absences Payable.....	2,546	2,967	383		5,896		
Other Noncurrent Liabilities.....	2,579	105			2,684		
Total Noncurrent Liabilities.....	441,992	3,072	383		445,447		
Total Liabilities.....	497,550	49,011	3,835	20,973	571,369	18,142	
<b>NET ASSETS</b>							
Invested in Capital Assets, net of related debt.....	215,477	11,784	97		227,358		
Restricted for Debt Repayments.....	51,418				51,418		
Restricted for Prize Awards - M USL & Tri-State.....			3,938		3,938		
Restricted for Unemployment Benefits.....				47,581	47,581		
Unrestricted Net Assets (Deficit).....	59,478		(111)		59,367	20,447	
Total Net Assets .....	\$ 326,373	\$ 11,784	\$ 3,924	\$ 47,581	\$ 389,662	\$ 20,447	

The notes to the financial statements are an integral part of this statement

**STATE OF NEW HAMPSHIRE**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**(Expressed in Thousands)**

	<b>Business-Type Activities - Enterprise Funds</b>					<b>Governmental Activities</b>	
	<b>Turnpike System</b>	<b>Liquor Commission</b>	<b>Lottery Commission</b>	<b>Unemployment Compensation</b>	<b>Total</b>	<b>Internal Service Fund</b>	
<b>OPERATING REVENUES</b>							
Charges for Sales and Services.....	\$ 511,383	\$ 237,557	\$ 398,144	\$ 1,147,084	\$ 265,312		
Toll Revenue Pledged for Repaying Revenue Bonds.....	\$118,403				118,403		
Total Operating Revenue.....	118,403	511,383	237,557	398,144	1,265,487	265,312	
<b>OPERATING EXPENSES</b>							
Cost of Sales and Services.....		357,657	21,077			378,734	
Lottery Prize Awards.....			138,907			138,907	
Unemployment Insurance Benefits.....				458,098	458,098		
Insurance Claims.....						246,400	
Administration.....	47,907	38,951	8,802		95,660	10,846	
Depreciation.....	15,970	882	67		16,919		
Total Operating Expenses.....	63,877	397,490	168,853	458,098	1,088,318	257,246	
Operating Income (Loss).....	54,526	113,893	68,704	(59,954)	177,169	8,066	
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Licenses.....		3,705				3,705	
Beer Taxes.....		12,865				12,865	
Investment Income.....	2,108		34	1,602	3,744		
Miscellaneous.....	(213)	2,983				2,770	
Transfer of Capital Assets between State Agencies.....	(122,787)	6,222			(116,565)		
Loss on the Sale of Other Fixed Assets....	(952)				(952)		
Interest on Bonds.....	(16,223)				(16,223)		
Amortization of Bond Issuance Costs.....	(972)				(972)		
Total Nonoperating Revenues (Expenses)..	(139,039)	25,775	34	1,602	(111,628)		
Income (Loss) Before Transfers.....	(84,513)	139,668	68,738	(58,352)	65,541	8,066	
Transfers Out to Governmental Funds.....		(140,283)	(68,765)		(209,048)		
Change in Net Assets.....	(84,513)	(615)	(27)	(58,352)	(143,507)	8,066	
Net Assets - July 1.....	410,886	12,399	3,951	105,933	533,169	12,381	
Net Assets - June 30.....	\$326,373	\$ 11,784	\$ 3,924	\$ 47,581	\$ 389,662	\$ 20,447	

**STATE OF NEW HAMPSHIRE****STATEMENT OF CASH FLOWS****PROPRIETARY FUNDS****FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(Expressed in Thousands)

	<b>Business-Type Activities - Enterprise Funds</b>					<b>Governmental Activities</b>	
	<b>Turnpike System</b>	<b>Liquor Commission</b>	<b>Lottery Commission</b>	<b>Unemployment Compensation</b>	<b>Total</b>	<b>Internal Service Fund</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from federal and local agencies.....				\$ 228,475	\$ 228,475		
Receipts from customers.....	\$ 118,078	\$ 510,366	\$ 125,700	142,378	896,522	\$ 26,260	
Receipts from interfund charges.....							236,860
Payments to employees.....	(16,795)	(23,048)	(2,841)			(42,684)	
Payments to suppliers.....	(17,220)	(374,045)	(9,521)			(400,786)	(11,492)
Payments to prize winners.....			(44,558)			(44,558)	
Payments for Insurance Claims.....				(448,761)	(448,761)		(251,044)
Payments for Interfund Services.....		(4,085)				(4,085)	
Net Cash Provided by (Used In) Operating Activities.....	84,063	109,188	68,780	(77,908)	184,123		584
<b>CASH FLOWS FROM NONCAPITAL</b>							
<b>FINANCING ACTIVITIES</b>							
Transfers to Other Funds.....		(133,848)	(68,483)			(202,331)	
Proceeds from Loan Receipts.....					65,443	65,443	
Principal Paid on Loan.....					(65,443)	(65,443)	
Proceeds from Collection of Licenses and Beer Tax.....			16,569			16,569	
Net Cash Used for Noncapital and Related							
Financing Activities.....		(117,279)	(68,483)			(185,762)	
<b>CASH FLOWS FROM CAPITAL AND RELATED</b>							
<b>FINANCING ACTIVITIES</b>							
Acquisition, Disposal , Sale and Construction							
of Capital Assets.....	(88,743)		5,937			(82,806)	
Grant Reimbursement.....	(406)					(406)	
Interest Paid on Bonds.....	(16,236)					(16,236)	
Principal Paid on Bonds.....	(16,539)					(16,539)	
Principal Paid on Notes.....	(28,873)					(28,873)	
Proceeds from Issue/Refunding Bonds.....	221,781					221,781	
Payments to Bond Refunding Agent.....	(71,774)					(71,774)	
Contributions from Other Funds.....		563				563	
Net Cash Provided by (Used) for Capital							
and Related Financing Activities.....	(790)	6,500	-			5,710	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Sale of Investments.....	142,060					142,060	
Purchase of Investments.....	(137,060)					(137,060)	
Interest and Other Income.....	2,302	2,800	34	1,602		6,738	
Net Cash Provided by Investing Activities.....	7,302	2,800	34	1,602		11,738	
Net Increase (Decrease) in Cash & Cash Equivalents.....	90,575	1,209	331	(76,306)	15,809		584
Cash and Cash Equivalents - July 1.....	95,892	911	144	94,128	192,075		35,744
Cash and Cash Equivalents - June 30.....	\$ 186,467	\$ 2,120	\$ 1,475	\$ 17,822	\$ 207,884	\$ 36,328	

**STATE OF NEW HAMPSHIRE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Expressed in Thousands)**

	<b>Business-Type Activities - Enterprise Funds</b>					<b>Governmental Activities</b>	
	<b>Turnpike System</b>	<b>Liquor Commission</b>	<b>Lottery Commission</b>	<b>Unemployment Compensation</b>	<b>Total</b>	<b>Internal Service Fund</b>	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:</b>							
Operating Income (Loss).....	\$ 54,526	\$ 113,893	\$ 68,704	\$ (59,954)	\$ 177,169	\$ 8,066	
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation.....	15,970	882	67			16,919	
Change in Operating Assets and Liabilities:							
Change in Receivables.....	(895)	(945)	(108)	(24,087)	(26,035)		(2,192)
Change in Inventories.....	138	(2,673)	316			(2,219)	
Change in Other Current Assets.....			66			66	
Change in Restricted Deposits-MUSL.....			27			27	
Change in Accounts Payable and other Accruals.....	13,750	(1,897)	(359)	6,133	17,627		(646)
Change in Claims Payable .....			516		516		(4,644)
Change in Deferred Revenue.....	574	(72)	(449)			53	
Net Cash Provided by (Used In) Operating Activities.....	\$ 84,063	\$ 109,188	\$ 68,780	\$ (77,908)	\$ 184,123	\$ 584	

**Turnpike Non -Cash Capital and Related Financing Activities:**

**I95 Bridge Purchase**

Issuance of Notes Payable - To Highway Fund	\$ 120,000
Transfer of Capital Asset - From Highway Fund	
recorded at Net Carrying Cost	\$ (3,434)
Loss on Capital Asset Transferred from Highway Fund	\$ (16,566)

## Fiduciary Funds Financial Statements

### **Pension Trust Funds:**

**New Hampshire Retirement System** - The New Hampshire Retirement System (NHRS) is the administrator of a cost-sharing multiple employer contributory pension plan and trust established on July 1, 1967, and is intended to meet the requirements of a qualified tax-exempt organization within the meaning of section 401(a) and section 501(a) of the United States Internal Revenue Code. Participating employers include the employees of the state government of New Hampshire, certain cities and towns, all counties, and various school districts. The NHRS is a component unit of the state.

**New Hampshire Judicial Retirement Plan** The New Hampshire Judicial Retirement Plan (the Plan) was established on January 1, 2005 and is a contributory pension plan and trust intended to meet the requirements of a qualified pension trust within the meaning of section 401(a) and to qualify as a governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code. The Plan is a component unit of the state.

**Private-Purpose Trust Funds:** Private-Purpose Trust Funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

**Investment Trust Fund:** The investment trust fund represents the external portion of the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP has been established, in accordance with RSA 383:22-24, for the purpose of investing funds of the state of New Hampshire, funds under the custody of all governmental units, pooled risk management programs established pursuant to RSA 5-B, agencies, authorities, commissions, boards, political subdivisions, and all other public units within, or instrumentalities of the state of New Hampshire. In accordance with GAAP, the external portion of the NHPDIP is reported as an investment trust fund in the Fiduciary Funds using the economic resources measurement focus and accrual basis of accounting. The internal portion of the pool is reported in the general fund. NHPDIP financial statements can be obtained by contacting NHPDIP at 5 Country View Drive, Raymond, NH 03077.

**Agency Funds:** Assets received by the state as an agent for other governmental units, other organizations, or individuals are accounted for as agency funds. The Unified Court System Litigation accounts which are held pending judicial judgements and Child Support Funds are two of the larger agency funds of the state.

**STATE OF NEW HAMPSHIRE**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2010**  
**(Expressed in Thousands)**

	Pension Trust Funds	Private-purpose Trust Funds	Investment Trust Funds	Agency Funds
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 8,964	\$ 5,731		\$ 14,038
Cash Collateral on Security Lending.....	471,066			
Total Cash.....	480,030	5,731		14,038
Receivables:				
Due from Employers.....	27,586			
Due from State.....	7,760			
Due from Plan Members.....	16,526			
Due from Brokers for Securities Sold.....	88,046			
Interest and Dividends.....	13,921			
Other .....	2,922		\$ 81	
Total Receivables.....	156,761		81	
Investments.....	4,875,579	14,937	287,162	1,207
Other Assets.....	658			
Total Assets.....	5,513,028	20,668	287,243	15,245
<b>LIABILITIES</b>				
Securities Lending Collateral.....	471,066			
Management Fees and Other Payables.....	6,177		16	
Due to Brokers for Securities Purchased.....	100,768			
Custodial Funds Payable.....			15,245	
Other Liabilities.....			1,078	
Total Liabilities.....	578,011		1,094	15,245
Net Assets Held in Trust for Benefits & Other Purposes.....	\$ 4,935,017	\$ 20,668	\$ 286,149	\$ -

**RECONCILIATION OF NET ASSETS HELD IN TRUST:**

Employees' Pension Benefits .....	\$ 4,884,530		
Employees' Postemployment Healthcare Benefits.....	50,487		
Net Assets for Pool Participants in			
External Investment Pool.....		\$ 286,149	
Other Purposes.....	\$ 20,668		
Net Assets Held in Trust for Benefits & Other Purposes.....	\$ 4,935,017	\$ 20,668	\$ 286,149

**STATE OF NEW HAMPSHIRE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
(Expressed in Thousands)

	Pension Trust Funds	Private-purpose Trust Funds	Investment Trust Funds
<b>ADDITIONS</b>			
<b>Contributions:</b>			
Employer .....	\$ 252,469		
State Contributions on Behalf of Local Employers.....	51,522		
Total Employer Contributions.....	303,991		
Plan Members.....	150,148		
From Participants.....		\$ 20,015	\$ 459,056
Total Contributions.....	454,139	20,015	459,056
<b>Investment Income:</b>			
From Investing Activities:			
Net Appreciation in Fair Value of Investments .....	479,914	12,733	
Interest Income.....	54,769	402	
Dividends.....	32,654		
Alternative Investment Income.....	4,579		
Commercial Real Estate Operating Income.....	17,727		
Net Increase in Joint Value from Investment Income.....			681
Total Income from Investing Activities.....	589,643	13,135	681
<b>Less: Investment Activity Expenses:</b>			
Investment Management Fees.....	17,646		
Custodial Fees.....	479		
Investment Advisor Fees.....	828		
Total Investment Activity Expenses .....	18,953		
Total Net Income from Investing Activities.....	570,690	13,135	681
<b>From Securities Lending Activities:</b>			
Security Lending Income.....	1,292		
Less: Security Lending Borrower Rebates.....	(457)		
Less: Security Lending Management Fees.....	324		
Net Income from Securities Lending Activities.....	1,425		
Total Net Investment Income .....	572,115	13,135	681
Other.....	105,644		
<b>Total Additions.....</b>	<b>1,131,898</b>	<b>33,150</b>	<b>459,737</b>
<b>DEDUCTIONS</b>			
Benefits/Distributions to Participants.....	554,176	15,485	681
Refunds of Contributions.....	21,851		
Administrative Expense.....	6,836		
Professional Fees.....	1,253		
Other.....	108,834	14,494	409,323
<b>Total Deductions.....</b>	<b>692,950</b>	<b>29,979</b>	<b>410,004</b>
<b>Change in Net Assets.....</b>	<b>438,948</b>	<b>3,171</b>	<b>49,733</b>
<b>NET ASSETS HELD IN TRUST FOR BENEFITS &amp; OTHER PURPOSES</b>			
Beginning of the Year.....	4,496,069	17,497	236,416
<b>End of the Year.....</b>	<b>\$ 4,935,017</b>	<b>\$ 20,668</b>	<b>\$ 286,149</b>

## **Component Units Financial Statements**

**STATE OF NEW HAMPSHIRE**  
**COMBINING STATEMENT OF NET ASSETS**  
**COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**(Expressed in Thousands)**

	University System of New Hampshire	Non-Major Component Units	Total
<b>ASSEIS</b>			
Current Assets:			
Cash, Cash Equivalents, and Operating Investments.....	\$ 256,293	\$ 34,012	\$ 290,305
Cash and Cash Equivalents-Restricted.....		1,193	1,193
Accounts Receivable.....	32,579	7,638	40,217
Other Receivables-Restricted.....		1,984	1,984
Due From Primary Government - Current Portion.....		2,278	2,278
Notes Receivable - Current Portion.....	3,961	6,315	10,276
Prepaid Expenses & Other.....	6,315	688	7,003
Total Current Assets.....	<b>299,148</b>	<b>54,108</b>	<b>353,256</b>
Noncurrent Assets:			
Investments.....	299,243	17,331	316,574
Notes & Other Receivables.....	21,007	14,692	35,699
Other Assets.....	30,334	1,127	31,461
Capital Assets:			
Land & Land Improvements.....	12,212	4,731	16,943
Building & Building Improvements.....	1,324,096	150,500	1,474,596
Equipment.....	123,769	10,796	134,565
Construction in Progress.....	56,077	1,889	57,966
Less: Accumulated Depreciation.....	(580,661)	(61,693)	(642,354)
Net Capital Assets.....	<b>935,493</b>	<b>106,223</b>	<b>1,041,716</b>
Total Noncurrent Assets.....	<b>350,584</b>	<b>33,150</b>	<b>383,734</b>
Total Assets.....	<b>1,585,225</b>	<b>193,481</b>	<b>1,778,706</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable.....	52,853	1,102	53,955
Accrued Salaries and Wages.....		4,748	4,748
Accrued Employee Benefits - Current.....	6,012	4,901	10,913
Postemployment Medical Benefits - Current.....	4,706		4,706
Other Payables & Accrued Expenses.....		9,228	9,228
Other Liabilities-Restricted.....		2,562	2,562
Deposits and Deferred Revenues.....	37,489	7,587	45,076
Due to Primary Government - Current Portion.....		2,820	2,820
Long Term Debt - Current Portion.....	70,046	2,028	72,074
Total Current Liabilities.....	<b>171,106</b>	<b>34,976</b>	<b>206,082</b>
<b>Noncurrent Liabilities:</b>			
Revenue Bonds Payable.....	377,730		377,730
Accrued Employee Benefits .....	33,430		33,430
Postemployment Medical Benefits .....	42,608		42,608
Due to Primary Government.....		6,044	6,044
Other Long Term Debt.....	63,425	45,405	108,830
Total Noncurrent Liabilities.....	<b>517,193</b>	<b>51,449</b>	<b>568,642</b>
Total Liabilities.....	<b>688,299</b>	<b>86,425</b>	<b>774,724</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt.....	487,512	75,615	563,127
Restricted for Endow ments.....	260,248		260,248
Restricted for Specific Purposes.....		9,593	9,593
Restricted for Long Term Receivable.....		1,984	1,984
Total Restricted Net Assets.....	<b>747,760</b>	<b>87,192</b>	<b>834,952</b>
Unrestricted Net Assets.....	149,166	19,864	169,030
Total Net Assets.....	<b>\$ 896,926</b>	<b>\$ 107,056</b>	<b>\$ 1,003,982</b>

The notes to the financial statements are an integral part of this statement

**STATE OF NEW HAMPSHIRE**  
**COMBINING STATEMENT OF ACTIVITIES**  
**COMPONENT UNITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**(Expressed in Thousands)**

	<b>University System of New Hampshire</b>	<b>Non-Major Component Units</b>	<b>Total</b>
<b>Expenses.....</b>	\$ 730,034	\$ 156,476	\$ 886,510
<b>Program Revenues:</b>			
Charges for Services:			
Tuition & Fees.....	368,656	51,757	420,413
Student Financial Aid.....	(109,272)		(109,272)
Sales, Services, & Other Revenue.....	255,479	27,768	283,247
Operating Grants & Contributions.....	142,683	42,631	185,314
Capital Grants & Contributions.....	8,330		8,330
Total Program Revenues.....	665,876	122,156	788,032
Net Expenses.....	(64,158)	(34,320)	(98,478)
Interest & Investment Income.....	14,707	4,408	19,115
Payments from State of New Hampshire.....	122,135	36,496	158,631
Change in Net Assets.....	72,684	6,584	79,268
<b>Net Assets - Beginning.....</b>	824,242	100,472	924,714
<b>Net Assets - Ending.....</b>	<b>\$ 896,926</b>	<b>\$ 107,056</b>	<b>\$ 1,003,982</b>

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# NOTES TO THE BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2010

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of New Hampshire (the state) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for establishing governmental accounting and financial reporting principles.

### A. REPORTING ENTITY

For financial reporting purposes, the state's reporting entity includes all funds, organizations, agencies, boards, commissions, authorities and all component units for which the state is financially accountable. There are no other organizations for which the nature and significance of their relationship with the state are such that exclusion would cause the state's financial statements to be misleading or incomplete. The criteria to be considered in determining financial accountability include whether the state, as the primary government, has appointed a voting majority of an organization's governing body and (1) has the ability to impose its will on that organization or (2) there is potential for the organization to provide specific financial benefits to or impose specific financial burdens on the state. Financial accountability also exists if an organization is determined to be fiscally dependent on the primary government, although the primary government does not appoint a voting majority of the organization's governing board.

Component units are either blended into the primary government or discretely presented from the primary government. Potential component units that do not meet the financial accountability criteria, but where a voting majority of the governing board is appointed by the state, are deemed to be related organizations. The nature and relationship of the state's component units and related organizations are disclosed in the following section.

#### **Discrete Component Units:**

Discrete component units are entities, which are legally separate from the state, but for which the state is financially accountable for financial reporting purposes, or whose relationship with the state is such that exclusion would cause the state's financial statements to be misleading or incomplete. Complete audited financial statements of the individual component units can be obtained from the respective entities.

The component unit columns of the government-wide financial statements include the financial data of the following entities:

#### **Major Component Unit**

**University System of New Hampshire** - The University System of New Hampshire (USNH) is a body corporate and politic with a governing board of twenty-five members. A voting majority is held by the state through the eleven members appointed by the Governor and Executive Council

and three state officials serving as required by law. These state officials are the Governor, the Commissioner of the Department of Education, and the Commissioner of the Department of Agriculture. The remaining board members represent the university and colleges of the system, the alumni, and the student body. The USNH funds its operations through tuition and fees, government grants and contracts, auxiliary operations, and state appropriations. USNH financials can be obtained by contacting USNH at 18 Garrison Avenue, Durham, NH 03824.

#### **Non-major Component Units**

**Business Finance Authority of the State of New Hampshire** - The Business Finance Authority (BFA) is a body corporate and politic with a governing board of fourteen members. The board consists of nine members appointed by the Governor with the consent of the Executive Council. The remaining members include two state Representatives, two Senators, and the State Treasurer. The state currently guarantees outstanding loans and principal on bonds of the BFA as of June 30, 2010, which creates the potential for the BFA to impose a financial burden on the state. BFA's financials can be obtained by contacting the BFA at 2 Pillsbury Street, Suite 201, Concord, NH 03301.

**Community Development Finance Authority** - The Community Development Finance Authority (CDFA) is a body corporate and politic organized as a nonprofit corporation under Revised Statutes Annotated (RSA) 292. The governing board of eleven members is made up of the Commissioner of the Department of Resources and Economic Development or designee and ten public members appointed by the Governor and Executive Council as follows: four representatives of community development corporations or other nonprofit organizations engaged in community development activities, one representative of organized labor, two representatives of small business and the financial community, one representative of employment training programs, and two representatives of private financial institutions. An investment tax credit equal to 75 percent of the contribution made to the CDFA during the contributor's tax year is allowed against certain taxes imposed by the state. In accordance with RSA 162-L:10, the total credits allowed shall not exceed \$5.0 million in any state fiscal year. CDFA's financials can be obtained by contacting the CDFA at 14 Dixon Avenue, Suite 102, Concord, NH 03301.

**Pease Development Authority** - The Pease Development Authority (PDA) is a body corporate and politic with a governing body of seven members. Four members are appointed by the Governor and state legislative leadership, and three members are appointed by the city of Portsmouth and the town of Newington. The state currently guarantees outstanding loans and principal on bonds of the PDA and has issued bonds on behalf of the PDA as of June 30, 2010, which creates the potential for the PDA to impose a financial burden on the state. In addition, the state has made several loans to the PDA. PDA's financials can be obtained by contacting PDA at 360 Corporate Drive, Portsmouth, NH 03801.

### **The Community College System of New Hampshire (CCSNH)**

The CCSNH was established under Chapter 361, Laws of 2007 (effective date July 17, 2007), as a body politic and corporate, whose main purpose is to provide a well-coordinated system of public community college education. The CCSNH includes colleges in Berlin, Claremont, Concord, Laconia, Manchester, Nashua and Stratham/Portsmouth. It is governed by a single board of trustees with 19 voting members appointed by the Governor and Executive Council. The CCSNH funds its operations through tuition, room and board, fees, grants, legacies and gifts, and state appropriations. The CCSNH prepares a biennial operating budget for presentation to the Governor and the General Court. The CCSNH continues to use the financial and administrative services of the State Treasurer and State Department of Administrative Services. The CCSNH pays the Primary Government \$1.0 million per fiscal year for these services.

With the establishment of the CCSNH, certain net assets of the primary government attributable to the CCSNH, were transferred. Included in the transfer were only those capital assets and related bonds payable which were deemed self-funded by the CCSNH.

#### **Fiduciary Component Units:**

The state's fiduciary component units consist of the Pension Trust Fund, which represents the assets and liabilities of the following:

**New Hampshire Retirement System** - The New Hampshire Retirement System (System) is a contributory pension plan and trust qualified as a tax exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. It is a defined benefit plan providing disability, death, and retirement protection to its members, which include full-time employees of the state and substantially all school teachers, firefighters, and police officers within the state. Full-time employees of political subdivisions may participate if their governing body elects to participate.

The System is administered by a 14 member board of Trustees on which the state does not represent a voting majority. The Board has all the powers of a corporation and is fiduciarily responsible for the system's assets and directs the investment of those assets through an independent investment committee, reviews actuarial assumptions and valuations from which the employer contribution rates are certified by the board, and generally supervises the operations of the System.

The System is deemed to be fiscally dependent on the state because the employee member contribution rates are set through state statute, and the state has budget approval authority over some administrative costs of the System.

**New Hampshire Judicial Retirement Plan** - The New Hampshire Judicial Retirement Plan (the Plan) is a contributory pension plan and trust qualified as a tax exempt organization under Sections 401(a) and 414(d) of the Internal Revenue Code. It is a defined benefit plan providing disability, death, and retirement protection for full-time supreme court, superior court, district court and probate court judges employed within the state.

The Plan is administered by a seven member Board of Trustees that is appointed by the state. The Board is fiduciarily responsible for the Plan's assets and oversees the investment of those assets, approving the actuarial valuation of the Plan including assumptions, interpreting statutory provisions and generally supervises the operations of the Plan.

The Plan is deemed to be fiscally dependent on the state because of the state's contributions toward the Plan's unfunded accrued liabilities and employee member contribution rates are set through state statute.

These component units are presented along with other fiduciary funds of the state, and have been omitted from the state's government-wide financial statements.

#### **Related Organizations:**

The state is responsible for appointing voting members to the governing boards of the following legally separate organizations, but the state's financial accountability for these organizations does not extend beyond making the appointments. Therefore, the financial data of these entities are excluded from the state's financial statements.

Those organizations are:

- Maine - New Hampshire Interstate Bridge Authority
- New Hampshire Health and Education Facilities Authority
- New Hampshire Housing Finance Authority
- New Hampshire Municipal Bond Bank

## **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

### **Government-Wide Financial Statements**

The Statement of Net Assets and Statement of Activities report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Primary government activities are distinguished between governmental and business-type activities. Governmental activities are normally supported through taxes and intergovernmental revenues. Business-type activities rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The *Statement of Net Assets* presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue. Certain indirect costs are included in program expenses reported for individual functions.

## Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

### C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

#### Measurement Focus and Basis of Accounting

The *government-wide financial statements* are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

*Governmental fund financial statements* are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, except for federal grants, the state generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Taxes, grants, licenses and fees associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences and claims and judgments are recorded only when payment is due.

*Proprietary Fund, Fiduciary Funds and Similar Component Units, and Discrete Component Unit* financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

In reporting proprietary activities, including component units, the state only applies applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, for its business-type activities and enterprise funds, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

#### Financial Statement Presentation

A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

The state reports the following major governmental funds:

*General Fund:* The General Fund is the state's primary operating fund and accounts for all financial transactions not accounted for in any other fund.

*Highway Fund:* The Highway Fund is used to account for

the revenues and expenditures used in the construction and maintenance of the state's public highways and the supervision of traffic thereon.

*Education Fund:* In fiscal year 2000, the Education Trust Fund was created in accordance with Chapter 17:41, Laws of 1999. The fund is non-lapsing and is used to distribute adequate education grants to school districts.

The state reports the following major enterprise funds:

The *Liquor Commission* accounts for the operations of state-owned liquor stores and the sales of all beer and liquor sold in the state.

The *Lottery Commission* accounts for the operations of the state's lottery games.

The *Turnpike System* accounts for the revenues and expenditures used in the construction, maintenance and operations of transportation toll facilities.

The *New Hampshire Unemployment Trust Fund* receives contributions from employers and provides benefits to eligible unemployed workers.

Additionally, the state reports the following non-major funds:

#### **Governmental Fund Types**

*Capital Projects Fund* - used to account for certain capital improvement appropriations which are or will be primarily funded by the issuance of state bonds or notes, other than bonds and notes for highway or turnpike purposes, or by the application of certain federal matching grants.

*Permanent Funds* - report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the state or its citizenry.

#### **Proprietary Fund Types**

*Internal Service Fund* - provides services primarily to other agencies or funds of the state, rather than to the general public. These services include health related fringe benefits. In the government-wide financial statements, internal service funds are included with governmental activities.

#### **Fiduciary Fund Types**

*Pension (and Other Employee Benefits) Trust Funds* - report resources that are required to be held in trusts for the members and beneficiaries of the state's contributory defined benefit plans, and post employment benefit plan. The New Hampshire Retirement System and The New Hampshire Judicial Retirement plan are component units of the State.

*Investment Trust Fund* - accounts for the transactions, assets, liabilities and fund equity of the external investment pool.

*Private Purpose Trust Funds* - report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments.

*Agency Funds* - report assets and liabilities for deposits and investments entrusted to the State as an agent for others.

#### **Reporting Periods**

The accompanying financial statements of the state are presented as of June 30, 2010, and for the year then ended, except for the New Hampshire Judicial Retirement Plan which is as of December 31, 2009.

## D. CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash equivalents represent short-term investments with original maturities less than three months from the date acquired by the state.

## E. INVESTMENTS

Investments are reported at fair value except for investments of the investment trust fund, which are reported at net amortized cost.

## F. RECEIVABLES

Receivables in the government-wide financial statements represent amounts due to the state at June 30, recorded as revenue, which will be collected sometime in the future and consist primarily of accrued taxes and federal grants receivable. In the governmental fund financial statements, taxes receivable are primarily taxpayer-assessed revenues representing amounts owed by the taxpayers, which are received by the state within 60 days after year-end, except for federal grants, which reimburse the state for expenditures incurred pursuant to federally funded programs. Tax revenues are susceptible to accrual in accordance with measurable and available criteria under the modified accrual basis of accounting.

## G. INVENTORIES

Inventories for materials and supplies are determined by physical count. Both the Lottery and Liquor Commissions use the lower of cost or market to value their inventories. Lottery uses the first-in, first-out method and Liquor uses the average cost method. All other inventories in the governmental and proprietary funds are stated at average cost.

Governmental fund inventories are recorded under the purchase method. Reported inventory balances in the governmental funds are offset by a fund balance reserve that indicates they do not constitute "available expendable resources".

## H. RESTRICTED ASSETS

The proceeds of Turnpike System revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets.

## I. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets, whether purchased or constructed, are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Equipment is capitalized when the cost of individual items exceed \$10,000, and all other capital assets are capitalized when the cost of individual items or projects exceed \$100,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the primary government and the component units are depreciated using the straight-line method over the

following useful lives:

Equipment	5 years
Buildings	40 years
Building improvements	20 years
Infrastructure	50 years
Computer software	5 years

## J. DEFERRED REVENUE

In the government-wide financial statements and the proprietary fund financial statements, deferred revenue is recognized when cash, receivables or other assets are recorded prior to their being earned. In the governmental fund financial statements deferred revenue represents monies received or revenues accrued which have not yet due or do not meet the "available" criterion for revenue recognition under the modified accrual basis of accounting. The deferred revenue in the governmental fund types has primarily resulted as an offset to long-term loans receivable and federal funds received in advance of eligible expenditures.

## K. COMPENSATED ABSENCES

All full-time state employees in classified service earn annual and sick leave. At the end of each fiscal year, additional leave (bonus days) may be awarded based on the amount of sick leave taken during the year. Accrued compensatory time, earned for overtime worked, must be taken within one year.

The state's compensated absences liability represents the total liability for the cumulative balance of employees' annual, bonus, compensatory, and sick leave based on years of service rendered along with the state's share of social security, Medicare and retirement contributions. The current portion of the leave liability is calculated based on the characteristics of the type of leave and on a LIFO (last in first out) basis, which assumes employees use their most recent earned leave first. The accrued liability for annual leave does not exceed the maximum cumulative balance allowed which ranges from 32 to 50 days based on years of service. The accrual for sick leave is made to the extent it's probable that the benefits will result in termination payments rather than be taken as absences due to illness. The liability for compensated absences is recorded on the accrual basis in the government-wide and proprietary fund financial statements.

In the governmental fund financial statements, liabilities for compensated absences are accrued when they are "due and payable" and recorded in the fund only for employee resignations and retirements that occur before year-end and paid out after year-end.

## L. ENCUMBRANCES

Contracts and purchasing commitments are recorded as encumbrances when the contract or purchase order is executed. Upon receipt of goods or services, the encumbrance is liquidated and the expenditure and liability are recorded. Unliquidated encumbrances are reported in the Reserved for Encumbrances account as a component of fund equity for the governmental fund types.

## M. FUND BALANCES

Fund balances for all governmental funds are either reserved or unreserved. Reserved fund balances reflect either 1) assets, which, by their nature, are not available for appropriations (Reserved for Inventories); 2) funds legally segregated for a specific future use (Reserved for Encumbrances); 3) segregated

by legal restrictions (Reserved for Permanent Funds). Certain reserve accounts are further described below:

**Reserved for Unexpended Appropriations:** This account represents amounts of unexpended appropriations legally carried forward and available for encumbrances and expenditures in the succeeding year.

**Reserved for Revenue Stabilization:** RSA 9:13-e established the Revenue Stabilization account for the purpose of deficit reduction. Any General Fund undesignated fund balance, remaining after Education Trust Fund transfer, is distributed to the Revenue Stabilization account. The maximum balance that may accumulate in the account is limited to 10% of the General Fund unrestricted revenue. The account may not be used for any other purpose without specific approval by two-thirds of each house of the Legislature and the Governor.

In the event of a General Fund undesignated fund balance deficit at the close of a fiscal biennium, a transfer from the Reserved for Revenue Stabilization account may be made only if the General Fund's unrestricted revenues are less than budgeted. The amount of the transfer is limited to the smaller of the General Fund undesignated fund balance deficit or the unrestricted revenue shortfall.

The balance at June 30, 2010 remained at \$9.3 million, the same as at June 30, 2009.

## N. CAPITAL OUTLAYS

Capital outlays represent equipment purchases for all funds. In addition to equipment purchases, the Highway Fund's capital outlays represent expenditures for the 10-year state capital highway construction program.

## O. BOND DISCOUNTS, PREMIUMS, AND ISSUANCE COSTS

In the government-wide and proprietary fund financial statements, bond discounts/premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are reported as deferred charges.

In the fund financial statements, governmental fund types recognize bond discounts, premiums, and issuance costs in the period the bond proceeds are received. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as expenditures.

## P. REVENUES AND EXPENDITURES/EXPENSES

In the government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business-type), then further by function (e.g. general government, education, etc.). Additionally, revenues are classified between program and general revenues. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenue. General revenues include all taxes. Certain indirect costs are included in the program expenses reported for individual functions.

In the governmental fund financial statements, revenues are reported by source. For budgetary control purposes, revenues are further classified as either "general purpose" or "restricted". General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either by state law or by outside restriction (e.g. federal grants), available only for specified purposes. Unused restricted revenues at year end are recorded as reservations of fund balance. When both general purpose and restricted funds are available for use, it is the state's policy to use restricted resources first.

In the governmental fund financial statements, expenditures are reported by character: "Current", "Debt Service" or "Capital Outlay." Current expenditures are subclassified by function and are for items such as salaries, grants, supplies and services. Debt service includes both interest and principal outlays related to bonds. Capital outlay includes expenditures for real property or infrastructure (e.g. highways).

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are subclassified by object (e.g. administration and depreciation). Operating revenues and expenses generally result from providing services and producing and delivering goods. All other revenues and expenses are reported as nonoperating.

**Other Financing Sources (Uses)** - these additions to and reductions from governmental resources in fund financial statements normally result from transfers from/to other funds and include financing provided by bond proceeds. Legally required transfers are reported when incurred as "Transfers In" by the receiving fund and as "Transfers Out" by the disbursing fund.

**Reimbursements** - Various departments charge fees on a user basis for such services as centralized data processing, accounting and auditing, purchasing, personnel, and maintenance and telecommunications. These transactions, when material, have been eliminated in the government-wide and governmental fund financial statements.

## Q. INTERFUND ACTIVITY AND BALANCES

**Interfund Activity** - As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule are: 1) activities between funds reported as governmental activities and funds reported as business-type activities (e.g. transfers of profits from the Liquor Commission to General Fund and the Sweepstakes Commission to the Education Fund) and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets (such as goods or cash) without equivalent flows of assets in return or a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources.

**Interfund Balances** - Interfund receivables and payables have been eliminated from the Statement of Net Assets, except for the amounts due between governmental and business-type activities.

The state records the resources obtained and used for the acquisition, construction, or improvement of certain capital facilities in the Highway Fund and the Capital Projects Fund. Encumbrances are recorded when contracts are executed. Expenditures are recorded when incurred and encumbrances are liquidated at that time.

Resources obtained to finance capital projects include federal grants and general obligation bonds. General obligation bonds are recorded as liabilities and as other financing sources in the funds that receive the proceeds.

#### **S. BUDGET CONTROL AND REPORTING**

The Statutes of the State of New Hampshire require the Governor to submit a biennial budget to the Legislature for adoption. This budget, which includes a separate budget for each year of the biennium, consists of three parts: Part I is the Governor's program for meeting all expenditure needs and estimating revenues. There is no constitutional or statutory requirement that the Governor propose, or the Legislature adopt, a budget that does not resort to borrowing. Part II is a detailed breakdown of the budget at the department level for appropriations to meet the expenditure needs of the government. Part III consists of draft appropriation bills for the appropriations made in the proposed budget.

The operating budget is prepared principally on a modified cash basis and adopted for the governmental funds, with the exception of the Capital Projects Fund and certain proprietary funds. The Capital Projects Fund budget represents individual projects that extend over several fiscal years. Since the Capital Projects Fund comprises appropriations for multi-year projects, it is not included in the budget and actual comparison statements. Fiduciary funds are not budgeted.

In addition to the enacted biennial operating budget, the Governor may submit to the Legislature supplemental budget requests necessary to meet expenditures during the current biennium. Appropriation transfers can be made within a department without the approval of the Legislature; therefore, the legal level of budgetary control is at the departmental level.

Both the Executive and Legislative Branches of government maintain additional fiscal control procedures. The Executive Branch, represented by the Commissioner of the Department of Administrative Services, is directed to continually monitor the State's financial operations, needs, and resources, and to maintain an integrated financial accounting system. The Legislative Branch, represented by the Fiscal Committee, the Joint Legislative Capital Budget Overview Committee, and the Office of Legislative Budget Assistant, monitors compliance with the budget and the effectiveness of budgeted programs.

Unexpended balances of appropriations at year end will lapse to undesignated fund balance and be available for future appropriations unless they have been encumbered or legally defined as non-lapsing, which means the balances are reported as reservation of fund balance. The balance of unexpended encumbrances are brought forward into the next fiscal year. Capital Projects Fund unencumbered appropriations lapse in two years unless extended or designated as non-lapsing by law.

Budget to Actual Comparisons and additional budgetary information are included as Required Supplementary Information.

#### **T. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### **U. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS**

In 2010, the State adopted GASB Statement 51 (GASB 51), *Accounting and Financial Reporting of Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. There was no material impact to the financial statements resulting from the State's adoption of GASB 51.

## 2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

### **PRIMARY GOVERNMENT**

The state pools cash and investments except for separate cash and investment accounts maintained in accordance with legal restrictions. Each fund's equity share of the total pooled cash and investments and restricted assets is included on the combined balance sheet under the captions "Cash and Cash Equivalents" and "Investments".

#### **DEPOSITS:**

The following statutory requirements and State Treasury policies have been adopted to minimize risk associated with deposits:

RSA 6:7 establishes the policy the state Treasurer must adhere to when depositing public monies. Operating funds are invested per investment policies that further define appropriate investment choices and constraints as they apply to those investment types.

**Custodial Credit Risk:** The custodial risk for deposits is the risk that in the event of a bank failure, the state's deposits may not be recovered.

Custodial credit risk is managed in a variety of ways. Although state law does not require deposits to be collateralized, the Treasurer does utilize such arrangements where prudent and/or cost effective. All banks, where the state has deposits and/or active accounts, are monitored as to their financial health through the services of Veribanc, Inc., a bank rating firm. In addition, ongoing reviews with officials of depository institutions are used to allow for frequent monitoring of custodial credit risk.

All commercial paper must be from issuers having an A1/P1 rating or better and an AA- or better long-term debt rating from one or more of the nationally recognized rating agencies. Certificates of deposits must be with state or federally chartered banking institutions with a branch in New Hampshire. The institution must have the highest rating as measured by Veribanc, Inc.

Whereas all payments made to the state are to be in U.S dollars, foreign currency risk is essentially nonexistent on state deposits.

As of June 30, 2010, the state's carrying value for deposits was \$625.6 million. The table below details the state's bank balances at June 30, 2010 exposed to custodial credit risk (expressed in thousands):

<b>Type</b>	<b>Governmental &amp; Business Type</b>			<b>Fiduciary</b>		
	<b>Insured</b>	<b>Collateral &amp; held in State's name</b>	<b>Uncollateralized</b>	<b>Insured</b>	<b>Collateral &amp; held in State's name</b>	<b>Uncollateralized</b>
Demand Deposits	\$ 750	\$ 240,128	\$ -	\$ -	\$ 10,048	\$ 443
Money Market	-	194,884	178,429	-	-	7,907
Savings Accounts	250	-	16	-	4,632	16
CDs	-	16,000	-	-	-	72
<b>Total</b>	<b>\$ 1,000</b>	<b>\$ 451,012</b>	<b>\$ 178,445</b>	<b>\$ -</b>	<b>\$ 14,680</b>	<b>\$ 8,438</b>

**INVESTMENTS:**

The Treasury Department has adopted policies to ensure reasonable rates of return on investments while minimizing risk factors. Approved investments are defined in statute (RSA 6:8, 387:6, 387:6-a, and 387:14). Additionally, investment guidelines exist for operating funds as well as trust and custodial funds. All investments will be denominated in U.S. dollars. As of June 30, 2010, the state had the following types of investments:

(Fair values in thousands)		
Investment Type	Governmental & Business Type	Fiduciary
Stocks	\$ 13,506	
Corporate Bonds	1,014	
US Treasury	7,755	
US Government Agencies	669	
Municipal Bonds	79	
Equity Open Ended Mutual Funds	3,929	\$ 9,893
Fixed Income Open Ended Mutual Funds	2,473	6,124
Unemployment Compensation External Pool (special issue bonds guaranteed by US government)	21,707	
NH Public Deposit Investment Pool (internal investment held by Treasury)	501	
NH Public Deposit Investment Pool (Internal investment held by NHH patient agency fund)		127
External Portion of NH Public Deposit Investment Pool		287,162
Totals	\$ 51,633	\$ 303,306

The table below reconciles the cash and investments in the financial statements to the footnote (expressed in thousands):

Reconciliation Between Financial Statements and Footnote						
		Unrestricted		Restricted		Total
		Cash and Cash Equivalents	Investments	Cash and Cash Equivalents	Investments	
Per Statement of Net Assets	Primary Government	\$ 531,525	\$ 22,683	\$ 109,001	\$ -	\$ 663,209
Per Statement of Fiduciary Net Assets	Private Purpose Investment Trust Agency Funds	5,731	14,937	287,162	14,038	20,668 287,162 15,245
Total per Financial Statements		\$ 551,294	\$ 325,989	\$ 109,001	\$ -	\$ 986,284
Per Footnote						
		Cash On Hand			\$ 5,700	
		Carrying Amount of Deposits			625,645	
		Investments			354,939	
		Total Per Footnote			\$ 986,284	

**Repurchase Agreements:**

Repurchase agreements must be executed through a New Hampshire or Massachusetts bank with assets in excess of \$500 million and has either the strongest rating as measured by Veribanc, Inc. or has a long term debt rating of AA- or better as rated by Standard and Poor's and Fitch or Aa3 or better as rated by Moody's. Repurchase agreements may also be executed through any of the primary government security dealers as designated by the Federal Reserve.

**Custodial Credit Risk:** The state's repurchase agreements are all with banking institutions and therefore subject to custodial credit risk. The custodial credit risk is the risk that in the event of a bank failure, the state's deposits may not be recovered.

**Interest Rate Risk:** The Term Repurchase Agreements are also subject to interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the value of the state's investments. The state measures its interest rate risk using the weighted average maturity method (WAM). The state's WAM is dollar weighted in terms of years.

As of June 30, 2010, the state did not have any repurchase agreements outstanding.

**Stocks:**

The state does not have a formal policy relative to operating funds and mitigation of concentration of credit risk. Although not issuer specific, individual investment guidelines for trust and custodial funds include overall asset allocation limits that are consistent with sound investment principles and practices. There is no concentration, custodial or credit risk to the State for amounts held in the State's abandoned property program.

**Concentration Risk:** The risk of loss attributed to the magnitude of the state's investment in a single issuer. The top 10 issuers as of June 30, 2010 are noted below (expressed in thousands):

Name / Issuer	Governmental Activities				% of Total
	Aband. Property	Permanent Funds	Total		
Metlife Inc Com	\$ 2,781		\$ 2,781	20.6%	
Prudential Finl Inc	1,190		1,190	8.8%	
Manulife Finl Corp	666		666	4.9%	
Thermo Fisher Scientific Inc	586	\$ 11	597	4.4%	
A T & T Inc	366	33	399	3.0%	
Exxon Mobil Corp	305	46	351	2.6%	
Vodafone Grp Plc Sp Adr	286		286	2.1%	
Verizon Communications Inc	264	6	270	2.0%	
Bank of America Corp	195	16	211	1.6%	
Cisco Sys Inc	134	59	193	1.4%	

**Custodial Risk:** The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction a government will not be able to recover the value of investments that are in the possession of an outside party. All the state's stocks are uninsured, registered in the state's name and held by the custodian. Custodial credit quality with respect to investments is mitigated primarily through selection criteria aimed at investing only with high quality institutions where default is extremely unlikely.

**New Hampshire Public Deposit Investment Pool (NHPDIP):**

The NHPDIP has been established, in accordance with RSA 383:22-24, for the purpose of investing funds of the state of New Hampshire, funds under the custody of all governmental units, pooled risk management programs established pursuant to RSA 5-B, agencies, authorities, commissions, boards, political subdivisions, and all other public units within, or instrumentalities of the state of New Hampshire. In accordance with GAAP, the external portion of the NHPDIP is reported as an investment trust fund in the Fiduciary Funds using the economic resources measurement focus and accrual basis of accounting. NHPDIP's audited financial statements can be obtained by visiting [www.nhpdp.com](http://www.nhpdp.com) or contacting the Client Services Team at 1-800-395-5505.

**Credit Risk:** The risk that the issuer or other counterparty will not fulfill its obligations. Neither the equity mutual fund or PDIP are rated.

**Debt Securities:** The state invests in several types of debt securities including corporate and municipal bonds, securities issued by the US Treasury and Government Agencies, mutual funds and investment pools.

**Credit Risk:** The risk that the issuer will not fulfill its obligations. The state invests in grade securities which are defined as those with a grade B or higher. Obligations of the US Government or obligations backed by the US Government are not considered to have credit risk.

**Interest Rate Risk:** The risk that changes in interest rates will adversely affect the fair value of the state's investments. Interest rate risk is primarily measured and monitored by defining or limiting the maturity of any investment or weighted average maturity of a group of investments. Fixed income mutual funds which consist of shares of funds which hold diversified portfolios of fixed income securities for operating purposes are limited to those with average maturity not to exceed 5 years. Trust and custodial funds manage and monitor interest rate risk primarily through a weighted average maturity approach (WAM). The state's WAM is dollar-weighted in terms of years. The specific target or limits of such maturity and percentage allocations are tailored to meet the investment objective(s) and defined in the investment guidelines associated with those funds.

**Custodial Credit Risk:** The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investments that are in the possession of an outside party. Open ended mutual funds and external pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The state's selection criteria is aimed at investing only with high quality institutions where default is extremely unlikely.

**Debt Securities (continued):**

The state's exposed risks at June 30, 2010 are noted below (expressed in thousands):

Type	Governmental & Business Type			Fiduciary		
	Credit Risk		Interest Rate Risk	Credit Risk		Interest Rate Risk
	Grade	Unrated	WAM in years	Grade	Unrated	WAM in years
Corporate Bonds	\$ 1,014	-	3.6	-	-	-
US Treasury	7,755	-	0.3	-	-	-
US Government Agencies	669	-	4.8	-	-	-
Fixed Income Open Ended Mutual Funds	- \$ 2,473		5.5	- \$ 6,124		5.5
Municipal Bonds	79	-	8.7	-	-	-
Unemployment Compensation Fund Pool (special issue bonds guaranteed by US govt)	-	21,707	1.00	-	-	-

**Concentration Risk:**

The risk of loss attributed to the magnitude of the state's investment in a single issuer. This risk is applicable to the state's investments in corporate bonds. The state does not have a formal policy relative to operating funds and mitigation of concentration of credit risk. Although not issuer specific, individual investment guidelines for trust and custodial funds include overall asset allocation limits that are consistent with sound investment principles and practices.

The state's top ten issuers at June 30, 2010 are listed below (expressed in thousands):

Issuer	Governmental & Business Type		
	Fair Value	% of Total	
SBC Communications	\$ 120	11.9%	
AT&T Inc	115	11.4%	
Conocophillips	109	10.8%	
AT&T Inc	109	10.7%	
Boeing Cap Corp	103	10.2%	
BB&T Corp	103	10.2%	
Morgan Stanley	100	9.9%	
Illinois Tool Works	56	5.5%	
E I Du Pont De Nemours	55	5.4%	
Pepsico Inc	54	5.3%	

**MAJOR COMPONENT UNIT (University System of New Hampshire - USNH)****Cash and Cash Equivalents (expressed in thousands):**

Highly liquid investments with a maturity of 90 days or less when purchased are recorded as cash and cash equivalents. Cash and cash equivalents at June 30 consisted of the following:

	2010
Cash & Repurchase agreements.....	\$ 13,741
Money Market Funds.....	92,260
Other Mutual Funds.....	110,495
<b>Total Cash &amp; Cash Equivalents.....</b>	<b><u>\$ 216,496</u></b>

Included in the cash and repurchase agreements balances at June 30, 2010 were \$6,026 in repurchase agreements, \$12,997 in cash and a net cash overdraft of \$5,282. Repurchase agreements were limited to overnight investments only.

**Investments (expressed in thousands):**

Investments include debt proceeds held by others for construction purposes, long-term operating investments, and endowment and similar investments of the campuses and affiliated entities. Investments are monitored by management and the respective governing boards of USNH and its affiliated entities. The carrying amount of these financial instruments approximates fair value.

**Operating Investments**

Unlike the long-term operating investments discussed below, operating investments included in current assets, are amounts invested to meet regular operations of USNH and include obligations of the U.S. Government, commercial paper, and money market and other mutual funds. Operating investments have an original maturity of more than 90 days, are highly liquid and are invested for purposes of satisfying current liabilities and generating investment income to support operating expenses. The components of operating investments at June 30, 2010 are summarized below (expressed in thousands):

	Balance	Weighted Average Maturity
Obligations of the U.S. Government.....	\$ 11,761	6 years
Corporate Bonds & Notes.....	7,255	4 Years
Cash and cash Equivalents.....	20,054	Not Applicable
Money Market and other Mutual Funds.....	527	Not Applicable
Other Accounts.....	200	Not Applicable
<b>Total.....</b>	<b><u>\$ 39,797</u></b>	

Operating investments in mutual funds are uninsured and uncollateralized against custodial credit risk.

**MAJOR COMPONENT UNIT (University System of New Hampshire) - Continued****Debt Proceeds Held By Others for Construction Purposes:**

At June 30, 2010 total debt proceeds held by others included \$2,735 of construction proceeds held by the bond trustee.

Debt proceeds held by others for construction purposes consisted of the following investments at June 30, 2010 (expressed in thousands):

	Balance	Weighted Average Maturity
Money market funds.....	\$ 2,735	Not Applicable
Total Debt proceeds held by others.....	<u>2,735</u>	
Long-term portion.....	<u>2,735</u>	

Long-term operating investments represent unrestricted amounts invested alongside the campuses' endowment pool which are not expected to be liquidated in the next year, but which are available for operations if needed. The balance of long-term operating investments at June 30, 2010 was \$5,539. These amounts consisted of ownership shares of the campuses' endowment pool and, therefore, the components, credit risk, and all other investment characteristics are identical to those described below.

**Endowment and Similar Investments:**

Endowment and similar investments are amounts invested primarily for long-term appreciation and consisted of the following as of June 30, 2010 (expressed in thousands):

Money Market Funds.....	\$ 4,407
Mutual Funds-Bonds.....	29,911
Mutual Funds-Stocks.....	81,906
US Government obligations.....	5,906
Corporate Bonds and Notes.....	372
Common/Preferred Stocks.....	24,585
Alternative Investments.....	133,096
Investments Held by Others.....	16,325
Total endowment and similar investments.....	<u>\$ 296,508</u>

Alternative investments as shown above include private equity, venture capital, absolute return, hedge, natural resource and real estate funds. The estimated fair value of investments is based on quoted market prices except for certain alternative investments, for which quoted market prices are not available. The estimated fair value of certain alternative investments is based on valuations provided by external investment managers and reviewed by management. Because these alternative investments are not readily marketable, their estimated fair values may differ from the values that would have been assigned had a ready market for such investments existed, and such differences could be material.

Mutual funds, common stocks, and alternative investments are uninsured and uncollateralized against custodial credit risk. The USNH investment policy and guidelines, and the University of New Hampshire Foundation, Inc. investment policy, mitigate the risk associated with uninsured and uncollateralized investments collectively through diversification, target asset allocations, and ongoing investment advisor and investment committee review.

### 3. RECEIVABLES

The following is a breakdown of receivables at June 30, 2010 (expressed in thousands):

	Governmental	Business-Type	Total	Major Component Unit
<b>Short Term Receivables</b>				
Taxes:				
Meals and Rooms.....	\$ 27,186		\$ 27,186	
Business Taxes.....	314,654		314,654	
Tobacco.....	14,772		14,772	
Real Estate Transfer.....	9,602		9,602	
Interest & Dividends.....	37,990		37,990	
Communications.....	8,588		8,588	
Utility Property Tax.....	14,000		14,000	
Gasoline Road Toll.....	10,345		10,345	
Beer.....		\$ 1,350	1,350	
Subtotal.....	437,137	1,350	438,487	
Other Receivables:				
Turnpike System.....		5,310	5,310	
Liquor Commission.....		6,511	6,511	
Lottery Commission.....		1,119	1,119	
Unemployment Trust Fund.....		57,967	57,967	
Internal Service Fund.....	2,261		2,261	
Board and Care.....	1,996		1,996	
Federal Grants.....	253,942		253,942	\$ 20,534
Local Grants.....	13,324		13,324	
Miscellaneous.....	44,814		44,814	15,913
Short Term Portion Of State Revolving Loan Fund.	17,906		17,906	
Short Term Portion Of Note/Pledge Receivable.....				3,961
Subtotal.....	334,243	70,907	405,150	40,408
Total Current Receivables (Gross).....	771,380	72,257	843,637	40,408
<b>Long Term Receivables</b>				
State Revolving Loan Fund.....	307,272		307,272	
Miscellaneous.....	8,286		8,286	
Note/Pledge Receivable.....				21,007
Total Long Term Receivables (Gross).....	315,558		315,558	21,007
<b>Allowance for Doubtful Accounts</b>				
Total Receivables (Net).....	\$ 987,549	\$ 65,022	\$ 1,052,571	\$ 57,547

#### State Revolving Loan Fund:

**Primary Government:** As of June 30, 2010, total water pollution control loans outstanding of \$325.2 million were recorded in the state's general fund. This amount was offset by a corresponding amount of deferred revenue. The state Water Pollution Control Revolving Loan Fund ("State Revolving Fund"), established by RSA 486:14, provides loans and other assistance to local communities for financing waste water treatment facilities. The State Revolving Fund was authorized through the Federal Clean Water Act of 1988 and was initially funded through a federal capitalization grant program to states which requires state matching funds equal to 20% of the capitalization grant funding. Principal and interest payments on the loans will occur over a period not to exceed 20 years and will be credited directly to the State Revolving Fund, enabling the fund balance to be available in perpetuity.

**Major Component Unit:** The component unit balance includes University System of New Hampshire Perkins Loans, pledges and other college and university loans of \$25.0 million.

#### Deferred Revenue:

**Primary Government:** Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of June 30, 2010, the various components of deferred revenue (\$728.1 million) reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Taxes & Fees receivable.....	\$ 233,415		\$ 233,415
Loans receivable.....	425,170		425,170
Federal/Local receivables.....	6,805		6,805
Receipts in advance of eligibility requirements.....		\$ 62,694	62,694
Total.....	\$ 665,390	\$ 62,694	\$ 728,084

**4. CAPITAL ASSETS**

Capital Asset activity for the year ended June 30, 2010, was as follows (expressed in thousands):

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital Assets not being depreciated:				
Land & Land Improvements.....	\$ 491,933	\$ 13,055	\$ (3,231)	\$ 501,757
Construction in Progress .....	187,582	83,419	(63,799)	207,202
Work in Progress Computer Software.....	48,550	1,631	(18,454)	31,727
Total Capital Assets not being depreciated.....	<u>728,065</u>	<u>98,105</u>	<u>(85,484)</u>	<u>740,686</u>
Other Capital Assets:				
Equipment & Computer Software.....	220,447	44,816	(7,498)	257,765
Buildings & Building Improvements .....	713,618	53,580	(1,762)	765,436
Land Improvements.....	98,226	787	(41)	98,972
Infrastructure.....	3,048,728	12,119	(24,674)	3,036,173
Total Other Assets .....	<u>4,081,019</u>	<u>111,302</u>	<u>(33,975)</u>	<u>4,158,346</u>
Less accumulated depreciation for:				
Equipment & Computer Software.....	(182,586)	(26,398)	8,676	(200,308)
Buildings & Building Improvements .....	(320,303)	(21,563)	664	(341,202)
Land Improvements.....	(84,550)	(2,033)		(86,583)
Infrastructure.....	(1,753,274)	(43,363)	13,048	(1,783,589)
Total Accumulated Depreciation.....	<u>(2,340,713)</u>	<u>(93,357)</u>	<u>22,388</u>	<u>(2,411,682)</u>
Other Capital Assets, Net.....	<u>1,740,306</u>	<u>17,945</u>	<u>(11,587)</u>	<u>1,746,664</u>
Governmental Activities Capital Assets, Net.....	<u>\$ 2,468,371</u>	<u>\$ 116,050</u>	<u>\$ (97,071)</u>	<u>\$ 2,487,350</u>
 <b>Business-Type Activities:</b>				
<b>Turnpike:</b>				
Capital Assets not being depreciated:				
Land & Land Improvements.....	\$ 107,357	\$ 2,715	\$ (1,321)	\$ 108,751
Construction in Progress.....	35,070	66,235	(24,547)	76,758
Capital Assets not being depreciated .....	<u>142,427</u>	<u>68,950</u>	<u>(25,868)</u>	<u>185,509</u>
Other Capital Assets:				
Equipment.....	36,583	932	(348)	37,167
Buildings & Building Improvements .....	4,828	3		4,831
Infrastructure.....	630,309	40,837		671,146
Total Capital Assets .....	<u>814,147</u>	<u>110,722</u>	<u>(26,216)</u>	<u>898,653</u>
Less accumulated depreciation for:				
Equipment.....	(23,744)	(3,149)	348	(26,545)
Buildings & Building Improvements .....	(2,892)	(72)		(2,964)
Infrastructure.....	(216,203)	(25,096)		(241,299)
Total Accumulated Depreciation.....	<u>(242,839)</u>	<u>(28,317)</u>	<u>348</u>	<u>(270,808)</u>
Turnpike Capital Assets, Net.....	<u>\$ 571,308</u>	<u>\$ 82,405</u>	<u>\$ (25,868)</u>	<u>\$ 627,845</u>
<b>Liquor:</b>				
Capital Assets not being depreciated:				
Land & Land Improvements.....	\$ 2,355		\$ (278)	\$ 2,077
Other Capital Assets:				
Equipment.....	5,454	\$ 235	(347)	5,342
Buildings & Building Improvements .....	20,328	187		20,515
Land Improvements.....	1,048		(50)	998
Total Capital Assets .....	<u>29,185</u>	<u>422</u>	<u>(675)</u>	<u>28,932</u>
Less accumulated depreciation for:				
Equipment.....	(4,851)	(258)	343	(4,766)
Buildings & Building Improvements .....	(10,850)	(603)	-	(11,453)
Land Improvements.....	(720)	(21)	50	(691)
Total Accumulated Depreciation.....	<u>(16,421)</u>	<u>(882)</u>	<u>393</u>	<u>(16,910)</u>
Liquor Capital Assets, Net.....	<u>\$ 12,764</u>	<u>\$ (460)</u>	<u>\$ (282)</u>	<u>\$ 12,022</u>
<b>Lottery Commission:</b>				
Equipment.....	\$ 518		\$	518
Less Accumulated Depreciation for Equipment:.....	(354)	(67)		(421)
Lottery's Capital Assets, Net.....	<u>\$ 164</u>	<u>\$ (67)</u>	<u>\$ -</u>	<u>\$ 97</u>

Current period depreciation expense was charged to functions of the primary government as follows (Expressed in Thousands):

<b>Governmental Activities:</b>	
General Government	\$ 11,041
Administration of Justice and Public Protection	17,371
Resource Protection and Development	4,837
Transportation	51,719
Health and Social Services	3,981
Education	4,408
Total Governmental Activities Depreciation Expense	<u><u>\$ 93,357</u></u>

The state possesses certain capital assets that have not been capitalized and depreciated, these assets include works of art and historical treasures such as statues, monuments, paintings and miscellaneous capitol-related artifacts and furnishings. These collections meet all of the following criteria.

- A. Held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- B. Protected, kept unencumbered, cared for, and preserved.
- C. Subject to an organizational policy that required the proceeds from the sales of collection items to be used to acquire other items for the collection.

**Major Component Unit:** The following is a rollforward of Capital Assets for the University of New Hampshire, (Expressed in Thousands):

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Land and Land Improvements.....	\$ 11,936	\$ 276		\$ 12,212
Building and Building Improvements.....	1,210,979	118,772	\$ (5,655)	1,324,096
Equipment.....	126,573	8,644	(11,448)	123,769
Construction in Progress.....	113,129	(57,052)		56,077
Subtotal.....	<u>\$ 1,462,617</u>	<u>\$ 70,640</u>	<u>\$ (17,103)</u>	<u>\$ 1,516,154</u>
Less: Accumulated Depreciation.....	(548,093)	(47,744)	15,176	(580,661)
Total.....	<u><u>\$ 914,524</u></u>	<u><u>\$ 22,896</u></u>	<u><u>\$ (1,927)</u></u>	<u><u>\$ 935,493</u></u>

## 5. LONG TERM-DEBT

### PRIMARY GOVERNMENT

**Bonds Authorized and Unissued:** Bonds authorized and unissued amounted to \$724.3 million at June 30, 2010. The proceeds of the bonds will be applied to the following funds when issued (expressed in millions):

Capital Projects Fund.....	\$ 263.3
Highway Fund.....	240.0
Turnpike System.....	221.0
Total.....	<u><u>\$ 724.3</u></u>

**Turnpike System:** The Legislature has established a 10-year highway construction and reconstruction plan for the Turnpike System to be funded from Turnpike revenues. This legislation also authorized the Treasurer with the approval of the Governor and Executive Council to issue up to \$766 million of bonds to support this project. The state has issued \$545 million of revenue bonds for these projects.

#### Bond Issues:

On August 17, 2009 the State issued a \$1.9 million general obligation capital improvement bond. The bond was sold through a private placement with the New Hampshire Municipal Bond Bank (NHMBB) to be used as an investment in its debt service reserve fund. The bond pays a 5% coupon and matures on August 15, 2029.

On August 24, 2009 the State issued \$50.0 million in bond anticipation notes through its Commercial Paper Program. These short term notes sold with interest rates from .30% to .40% were used to fund ongoing capital improvement projects in advance of the December 15, 2009 long-term bond issue. These notes matured and were paid off on January 20, 2010.

On November 18, 2009, the Turnpike System issued \$67.2 million in tax-exempt refunding bonds that refunded bonds issued in 1999. This refunding resulted in net present value savings of \$8.2 million or 11.74%. Debt service on the prior refunded bonds totaled \$111.1 million and debt service on the new refunding bonds totals \$87.5 million. In addition, on November 18, 2009, the Turnpike System issued \$150 million in federally taxable Build America Bonds ("BABS") with federal subsidy payments of 35% of the interest due paid to the Turnpike System through the State in the form of a direct payment to be received as interest payments are made by the State.

**Advance Refunding:** The following is a summary of general obligation bonds and revenue bonds defeased by the primary government. The proceeds from each advance refunding issue were placed in an irrevocable trust to provide for all future debt service payments on the old bonds.

Accordingly, the trust account assets and the liability for the defeased bonds are not included in the state's financial statements (expressed in thousands):

Date of Advance Refunding	Amount Outstanding at June 30, 2010
<b>Governmental Fund Types (General Obligation Bonds):</b>	
December, 2006.....	\$ 82,760
April 8, 2010.....	152,215
Subtotal.....	<u><u>\$ 234,975</u></u>

**Bond Issues Continued:**

On December 15, 2009, the State issued \$50 million of tax exempt general obligation capital improvement bonds. Interest rates on the bonds range from 3% to 5% with maturities ranging from 2011 to 2017. In addition, on December 15, 2009, the State issued \$75 million in federally taxable Build America Bonds ("BABs") with federal subsidy payments of 35% of the interest due paid to the State in the form of a direct payment to be received as interest payments are made by the State. Interest rates on the bonds range from 4.125% to 5.5% with maturities ranging from 2017 to 2029.

On January 19, 2010, the State issued a \$2.4 million general obligation capital improvement bond. Similar to the small issue in August, the bond was sold via private placement to the NHMBB to be used as an investment in its debt service reserve fund. The bond pays a 4% coupon and matures on January 15, 2030.

On April 8, 2010, the State issued \$153.3 million of general obligation refunding bonds. The maturity dates on these serial bonds range from 2011 to 2024 with coupon rates from 2% to 5%. The refunding resulted in \$6.5 million in savings on a cash basis, representing a 2% savings over the life of the issue as measured by a net present value basis. Debt service on the prior refunded bonds totaled \$232.4 million; new debt service on the refunding bonds totals \$225.9 million.

**Changes in Long-Term Liabilities:** The following is a summary of the changes in the long-term liabilities for bonds, compensated absences, and uninsured claims as reported by the primary government during the fiscal year (expressed in thousands):

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Accretion</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>	<b>Current</b>	<b>Long-Term</b>
General Obligation Bonds Payable.....	\$ 810,233	\$ 2,942	\$ 290,804	\$ 244,579	\$ 859,400	\$ 87,976	\$ 771,424
Bond Anticipation Notes.....	-		100,000	50,000	\$ 50,000		50,000
Compensated Absences.....	78,955		65,646	62,927	81,674	21,068	60,606
Claims Payable.....	50,154		244,068	251,816	42,406	23,220	19,186
Other Postemployment Benefits.....	295,241		218,140	62,779	450,602		450,602
Pollution Remediation Obligation.....	29,183		10,521	10,200	29,504	1,202	28,302
Capital Lease.....	4,038		159	820	3,377	712	2,665
Total Governmental.....	\$ 1,267,804	\$ 2,942	\$ 929,338	\$ 683,121	\$ 1,516,963	\$ 134,178	\$1,382,785
<b>Business-Type Activities</b>							
<b>Turnpike System</b>							
General Obligation Bonds.....	\$ 1,301			\$ 717	\$ 584	\$ 584	
Revenue Bonds.....	244,032		\$ 223,536	89,328	378,240	17,150	\$ 361,090
Note Payable.....	-		\$ 120,000	28,873	91,127	15,350	75,777
Pollution Remediation Obligation.....	3,000			421	2,579		2,579
Claims & Compensated Absences Payable.	3,029		\$ 898	924	3,003	457	2,546
Total.....	\$ 251,362		\$ 344,434	\$ 120,263	\$ 475,533	\$ 33,541	\$ 441,992
<b>Liquor Commission</b>							
Capital Lease.....	\$ 364			\$ 127	\$ 237	\$ 132	\$ 105
Claims & Compensated Absences Payable.	4,005		1,990	2,027	3,968	1,001	2,967
Total.....	\$ 4,369		\$ 1,990	\$ 2,154	\$ 4,205	\$ 1,133	\$ 3,072
<b>Lottery Commission</b>							
Claims & Compensated Absences Payable.	\$ 499		\$ 381	\$ 368	\$ 512	\$ 129	\$ 383
Total.....	\$ 499		\$ 381	\$ 368	\$ 512	\$ 129	\$ 383
Total Business-Type.....	\$ 256,230		\$ 346,805	\$ 122,785	\$ 480,250	\$ 34,803	\$ 445,447

**Bond Anticipation Notes:** The state issues bond anticipation notes in advance of issuing general obligation bonds. The proceeds are deposited into the capital fund to fund various capital outlay projects. On March 1 2010, the State issued \$50.0 million in BAN. At June 30, 2010, these notes were outstanding. On September 9, 2010, the \$50.0 million of bond anticipation notes were paid from the proceeds of the September 1, 2010 bond issue.

**Capital Appreciation Bonds:** Six of the state's general obligation capital improvement bonds issued since November 1990 represent capital appreciation bonds (College Savings Bond Program) with interest being accrued and compounded semiannually. At June 30, 2010, the cumulative interest accretion since issuance for all six capital appreciation bonds is approximately \$151.0 million. The interest is not paid until the bonds mature, at which time the expenditure will be recorded.

**Pollution Remediation Obligations:** Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the Environmental Protection Agency expends superfund trust monies for cleanup. Currently there are six sites in various stages of cleanup, from initial assessment to cleanup activities. In addition, the State has other sites for which it is responsible for cleanup and monitoring, including underground fuel storage facilities. Per GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, pollution liabilities of \$29.5 million and \$2.6 million were reported for governmental activities and business-type activities, respectively, at June 30, 2010. These liabilities were measured using the actual contract cost, where no changes in cost are expected, or a method that is materially close to the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

**Debt Maturity:** All bonds issued by the state, except for Turnpike revenue bonds, are general obligation bonds, which are backed by the full faith and credit of the state. Interest rates on these issues range from 2.0% to 7.2%. Debt service payments on "self-liquidating" debt are funded by reimbursements from component units for debt issued by the state on their behalf and through user fees and other revenues statutorily earmarked to fund debt service payments on specific projects. The anticipated source of repayment and annual maturities are as follows (expressed in thousands):

Payable June 30,	SOURCE OF PRINCIPAL PAYMENTS						DEBT SERVICE				
	Governmental Activities				Business-Type Activities			TOTAL ALL FUNDS			
	General Fund	Highway Fund	Self Liquidating	Total	Turnpike System			Principal	Interest	Less: BAB Interest Subsidy	Net Total
					General Obligation	Revenue	Note Payable				
2011.....	\$ 69,866	\$ 8,898	\$ 9,212	\$ 87,976	\$ 584	\$ 17,150	\$ 15,350	\$ 121,060	\$ 88,104	\$ 4,421	\$ 204,743
2012.....	61,298	7,424	9,046	77,768		17,020	2,882	\$ 97,670	50,526	4,421	143,775
2013.....	53,893	7,155	8,843	69,891		19,460	2,999	\$ 92,350	46,888	4,421	134,817
2014.....	50,071	6,853	5,726	62,650		16,460	3,121	\$ 82,231	43,236	4,421	121,046
2015.....	50,974	6,876	5,485	63,335		21,690	3,248	\$ 88,273	39,944	4,421	123,796
2016-2020.....	205,325	31,022	23,606	259,953		102,890	18,327	\$ 381,170	148,978	21,643	508,505
2021-2025.....	131,054	21,666	16,734	168,454		63,455	22,362	\$ 254,271	78,366	18,072	314,565
2026-2030.....	35,966	9,554	7,689	53,209		50,725	22,838	\$ 126,772	35,074	11,102	150,744
2031-2035.....						30,070		\$ 30,070	16,606	5,812	40,864
2036-2039.....						38,925		\$ 38,925	6,023	2,108	42,840
Subtotal.....	\$ 658,447	\$ 99,448	\$ 85,341	\$ 843,236	\$ 584	\$ 377,845	\$ 91,127	\$ 1,312,792	\$ 553,745	\$ 80,842	\$ 1,785,695
Unamortized (Discount) / Premium	32,922	(345)	(518)	32,059		10,637			42,696		42,696
Unamortized Loss on Refunding	(16,895)			(15,895)		(10,242)			(26,137)		(26,137)
Total.....	\$ 675,474	\$ 99,103	\$ 84,823	\$ 859,400	\$ 584	\$ 378,240	\$ 91,127	\$ 1,329,351	\$ 553,745	\$ 80,842	\$ 1,802,254

**Revenue Bond Resolutions:** The Turnpike System has complied with all of its material financial bond covenants as set forth in the resolutions, except for the requirement to adequately transfer funds into the "Turnpike System Revenue Bond Debt Service Account".

## MAJOR COMPONENT UNIT

**Changes in Long-Term Liabilities:** The University System of New Hampshire's long term liabilities include: Revenue Bonds Payable of \$446.5 million; capital lease obligations of \$17.8 million; accrued employee benefits and compensated absences of \$39.4 million; other postemployment benefits of \$47.3 million; and other liabilities of \$18.9 million.

The following is a summary of the changes in the long-term liabilities as reported by the University of New Hampshire during the fiscal year : (Expressed in Thousands)

	Beginning Balance	Increases	Decreases	Ending Balance	Current	Long-Term
University System of NH.....	\$ 579,628	\$ 46,999	\$ 28,670	\$ 597,957	\$ 80,764	\$ 517,193

Payable June 30,	UNIVERSITY SYSTEM OF N.H.		
	Principal	Interest	Total
2011.....	\$ 70,046	\$ 20,656	\$ 90,702
2012.....	9,938	20,386	30,324
2013.....	10,503	19,657	30,160
2014.....	10,113	19,326	29,439
2015.....	32,182	18,626	50,808
2016-2020.....	131,818	73,996	205,814
2021-2025.....	117,024	39,725	156,749
2026-2030.....	37,170	20,283	57,453
2031-2035.....	38,850	8,980	47,830
2036-2040.....	6,900	667	7,567
Subtotal.....	464,544	242,302	706,846
Unamortized Discount...	(241)		(241)
Total.....	\$ 464,303	\$ 242,302	\$ 706,605

**Debt Maturity:** The table on the left is a summary of the annual principal payments and total debt service relating to the debt of the University of New Hampshire and includes revenue bonds and capital leases (expressed in thousands):

## 6. RISK MANAGEMENT AND INSURANCE

The state is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and natural disasters. The state primarily retains the risk of loss except where the provisions of law allow for the purchase of commercial insurance or where risk assessment has indicated that commercial insurance is economical and beneficial for the general public. There are approximately 20 such commercial insurance programs in effect, which include fleet automobile liability, ski area liability for Cannon Mountain, and a fidelity and faithful performance bond. Settled claims under these insurance programs have not exceeded commercial insurance coverage in any of the last three years.

During fiscal year 2004, the state established an Employee Benefit Risk Management Fund, an internal service fund, to account for its uninsured risks of loss related to employee and retiree health benefits. Under this program, the Fund provides coverage for up to a maximum of \$0.5 million for each employee per year. The state has purchased commercial insurance for claims in excess of coverage provided, as well as aggregate stop loss liability coverage set at 125% of the state's total expected claims per contract year.

Reserves are maintained for claim liabilities not covered by commercial insurance when a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include estimations for claims that have been incurred but not reported. The balance of claim liabilities is determined by an analysis of past, current, and future estimated loss experience. The process used in computing claim liabilities may not result in an exact payout amount due to variables such as inflation, changes in legal doctrine (or statutory and case law) and damage awards. Claim liabilities are evaluated periodically to take into consideration recently settled claims, claim frequency and severity as well as current economic and social factors.

The following table presents the changes in claim liabilities during the fiscal years ending June 30, 2009 and 2010 (In Thousands):

<b>Governmental Activities</b>	<b>6/30/2008 Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>6/30/2009 Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>6/30/2010 Balance</b>	<b>Current</b>	<b>Long-Term</b>
Workers Compensation Claims Payable.	\$ 28,929	\$ 4,640	\$ 6,165	\$ 27,404	\$ 2,312	\$ 5,416	\$ 24,300	\$ 5,114	\$ 19,186
Health Claims Payable*.....	20,992	246,802	245,044	22,750	241,756	246,400	18,106	18,106	
Total.....	\$ 49,921	\$ 251,442	\$ 251,209	\$ 50,154	\$ 244,068	\$ 251,816	\$ 42,406	\$ 23,220	\$ 19,186
<b>Business-Type Activities</b>									
<i>Turnpike System</i>									
Workers Compensation Claims Payable.	\$ 2,318		\$ 273	\$ 2,045	\$ 36	\$ 181	\$ 1,900	\$ 172	\$ 1,728
Total.....	\$ 2,318		\$ 273	\$ 2,045	\$ 36	\$ 181	\$ 1,900	\$ 172	\$ 1,728
<i>Liquor Commission</i>									
Workers Compensation Claims Payable.	\$ 1,651	\$ 767	\$ 530	\$ 1,888	\$ 201	\$ 428	\$ 1,661	\$ 406	\$ 1,255
Total.....	\$ 1,651	\$ 767	\$ 530	\$ 1,888	\$ 201	\$ 428	\$ 1,661	\$ 406	\$ 1,255
<i>Lottery Commission</i>									
Workers Compensation Claims Payable.	\$ 13			\$ 13	\$ 2	\$ 1	\$ 14	\$ 1	\$ 13
Total.....	\$ 13	\$ -	\$ -	\$ 13	\$ 2	\$ 1	\$ 14	\$ 1	\$ 13
Total Business-Type.....	\$ 3,982	\$ 767	\$ 803	\$ 3,946	\$ 239	\$ 610	\$ 3,575	\$ 579	\$ 2,996

\* Health Claims Payable is recorded in the Internal Service Fund

## 7. INTERFUND RECEIVABLES AND PAYABLES

Due From or To Other Funds for the primary government on the fund financial statements represent amounts related to year end transfers of surplus or profits between intragovernmental entities or funds and consist of the following as of June 30, 2010 (expressed in thousands):

RECEIVABLES / DUE FROM	AMOUNT	PAYABLES / DUE TO	AMOUNT
Highway Fund.....	\$ 29,950	General Fund.....	\$ 29,950
Non Major Fund.....	1,740	General Fund.....	1,740
General Fund.....	33,819	Education Fund.....	33,819
Highway Fund.....	55	Turnpike Fund.....	55
General Fund.....	6	Lottery Commission.....	6
Education Fund.....	213	Lottery Commission.....	213
Turnpike Fund.....	10	General Fund.....	10
Lottery Commission.....	199	Liquor Commission.....	199
Liquor Commission.....	6,201	General Fund.....	6,201
Total.....	\$ 72,193	Total.....	\$ 72,193

The net due from or to other funds for the primary government has been reported as "internal balances" in the government-wide financial statements. The governmental payable of \$5.9 million to business-type activities represents the "internal balances" amount on the statement of net assets. The \$65.6 million between governmental funds has been eliminated on the government-wide financial statements.

**Due from Component Units:** As of June 30, 2010, the cumulative balance of outstanding loans plus accrued interest to the Pease Development Authority (PDA) amounted to \$8.9 million. The balance has been offset by a corresponding amount of deferred revenue in the General Fund Financial Statements.

## 8. INTERFUND TRANSFERS

Interfund transfers during the current fiscal year were as follows (expressed in thousands):

Transferred From	General Fund	Education Fund	Non-Major Funds	Total Governmental Fund
<b>Governmental Funds</b>				
Education Fund.....	\$ 31,490			\$ 31,490
Highway Fund.....	7,669		\$ 1,593	9,262
Non-Major Funds.....	2,492			2,492
Total Governmental Funds.....	* 41,651	-	* 1,593	* 43,244
<b>Proprietary - Enterprise Funds</b>				
Liquor Commission.....	140,283			140,283
Lottery Commission.....	1,181	\$ 67,584		68,765
Total Proprietary - Enterprise Funds.....	\$ 141,464	\$ 67,584		\$ 209,048

\*These Amounts have been eliminated within governmental activities on the government-wide financial statements.

The following transfers represent sources of funding identified through the state's operating budget:

- Transfer of Lottery Commission profits of \$67.6 million to fund education
- Transfer of Liquor Commission profits of \$140.3 million to general fund for government operations
- \$31.5 million transfer to the general fund to eliminate education fund surplus

Pursuant to RSA 260:61, \$0.8 million transfer from highway fund to fish and game fund for the Bureau Off Highway Recreational Vehicle (BOHRV) Grant.

Pursuant to RSA 260:60, \$1.7 million of unrefunded gas tax in the highway fund was transferred on a 50/50 basis to the general and fish & game funds.

## 9. UNDESIGNATED FUND BALANCE (DEFICIT) and CONTRACTUAL COMMITMENTS

**Capital Projects Fund:** The June 30, 2010, unreserved, undesignated deficit of the Capital Projects Fund was \$63.5 million. The Capital Projects Fund accounts for multi-year capital projects which will be primarily financed by bond proceeds. The project costs are appropriated when the project is approved. Bonds are issued as the expenditures are expected to be incurred. As of June 30, 2010, bonds authorized and unissued for the Capital Projects Fund amounted to \$263.3 million.

**Contractual Commitments:** The state has estimated its share of contractual obligations for construction contracts to be \$112.7 million at June 30, 2010. This represents total obligations of \$286 million less \$173.3 million in estimated federal and local aid.

## 10. EMPLOYEE BENEFIT PLANS

### NEW HAMPSHIRE RETIREMENT SYSTEM

**Plan Description:** The New Hampshire Retirement System is the administrator of a cost-sharing multiple-employer Public Employee Retirement System (The Plan) established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401 (a) and 501 (a) of the Internal Revenue Code. The Plan is a contributory defined-benefit plan providing service, disability, death, and vested retirement benefits to members and beneficiaries. The Plan covers substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and police officers within the state of New Hampshire. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation. The Plan is divided into two membership groups. Group I consists of state and local employees and teachers. Group II consists of firefighters and police officers. All assets are in a single trust and are available to pay retirement benefits to its members and beneficiaries.

Group I members at age 60 qualify for a normal service retirement allowance based on years of creditable service and average final compensation (AFC). The yearly pension amount is  $1/60$  (1.67%) of average final compensation multiplied by years of creditable service. AFC is defined as the average of the three highest salary years. At age 65, the yearly pension amount is recalculated at  $1/66$  (1.5%) of AFC multiplied by years of creditable service. Members in service with 10 or more years creditable service who are between age 50 and 60 or members in service with at least 20 or more years of service, whose combination of age and service is 70 or more, are entitled to a retirement allowance with appropriate graduated reduction based on years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years.

Members of both groups may qualify for vested deferred allowances, disability allowances, and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation, service, or both.

Pursuant to RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b, the New Hampshire Retirement System also provides a postretirement medical premium subsidy for Group I employees and teachers and Group II police officers and firefighters.

A special account has been established by RSA 100-A:16, II(h) for additional benefits. Prior to fiscal year 2007 the account was credited with all of the earnings of the account assets in the account plus the earnings of the remaining assets of the plan in excess of the assumed rate of return plus 1/2 of 1 percent.

In 2007, legislation was passed that permits the transfer of assets into the special account for earnings in excess of 10 1/2 percent as long as the actuary determines the funded ratio of the consolidated retirement system to be at least 85 percent. If the funded ratio of the system is less than 85 percent, no assets will be transferred to the special account.

The New Hampshire Retirement System issues publicly available financial reports that can be obtained by writing to them at 54 Regional Drive, Concord, NH 03301-8507 or from their web site at <http://www.nhrs.org>.

**Funding Policy:** The Plan is financed by contributions from the members, the state and local employers, and investment earnings. In fiscal year 2010, by statute, Group I members contributed 5.0% of gross earnings, except for state employees hired after July 1, 2009 who contributed 7.0% of gross earnings. Group II members contributed 9.3% of gross earnings. Employer contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the system's actuary using the entry age normal funding method and are expressed as a percentage of gross payroll. The state's share represents 100% of the employer cost for all state employees and 30% of the employer cost for teachers, firefighters, and police officers employed by political subdivisions. The state does not participate in funding the employer cost of other political subdivision employees.

The state's required and actual contributions to the plan for the years ending June 30, 2010, 2009, and 2008 were \$126.0 million, \$111.5 million, and \$106.8 million, respectively. The state's contributions for the fiscal year ended June 30, 2010 increased over the amounts contributed for the fiscal year ended June 30, 2009, primarily due to a statutory increase in the employer contribution rates.

As of June 30, 2010, the date of the most recent actuarial valuation, the net assets available to pay pension benefits, at actuarial value, were reported by the New Hampshire Retirement System to be \$5,234 million. The total pension liability at June 30, 2010 using the entry age normal actuarial cost method was \$8,954 million, resulting in a funded ratio of 58.5% and projected pension liability in excess of assets of \$3,720 million.

## OTHER POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, RSA 21-I:30 specifies that the state provide certain health care insurance benefits for retired employees. These benefits include group hospitalization, hospital medical care, and surgical care. Substantially all of the state's employees who were hired on or before June 30, 2003 and have 10 years of service, may become eligible for these benefits if they reach normal retirement age while working for the state and receive their pensions on a periodic basis rather than a lump sum. During fiscal year 2004, legislation was passed that requires state Group I employees hired on or after July 1, 2003 to have 20 years of state service in order to qualify for health insurance benefits. These and similar benefits for active employees and retirees are authorized by RSA 21-I:30 and provided through the Employee and Retiree Benefit Risk Management Fund, a single-employer plan, which is the state's self-insurance fund implemented in October 2003 for active state employees and retirees. The state recognizes the cost of providing benefits by paying actuarially determined insurance contributions into the fund. An additional major source of funding for retiree benefits is from the New Hampshire Retirement System's medical premium subsidy program for Group I and Group II employees, which totaled approximately \$15.0 million for the fiscal year ended June 30, 2010.

The Governmental Accounting Standards Board (GASB) issued Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement 45 requires that the long-term cost of retirement health care and obligations for other postemployment benefits (OPEB) be determined on an actuarial basis and reported similar to pension plans. GASB Statement 45 does not mandate the pre-funding of postemployment benefit liabilities. However, any pre-funding of these benefits will help minimize or eliminate the postemployment benefit obligation that will be required to be reported in the financial statements.

The State Legislature currently plans to only partially fund (on a pay-as-you-go basis) the annual required contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB plan for fiscal year 2010 (dollar amounts in thousands):

Annual Required Contribution/OPEB Cost	\$ 204,948
Interest on net OPEB obligation	13,192
Adjustment to annual required contribution	(9,989)
Annual OPEB cost	208,151
Contributions made (pay-as-you-go)	(52,790)
Increase in Net OPEB Obligation	155,361
Net OPEB Obligation - Beginning of Year	295,241
<b>Net OPEB Obligation - End of Year</b>	<b>\$ 450,602</b>

The State's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 was as follows (dollar amounts in thousands):

Fiscal Year Ended	Actual Contributions		Percentage Contributed	Net OPEB Obligation
	Annual OPEB Cost	(pay-as-you- go)		
06/30/10	\$ 208,151	\$ 52,790	25.36%	\$ 450,602

As of June 30, 2008, the date of the most recent actuarial valuation, the actuarial accrued liability (AAL) for benefits was \$2,470.5 million, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,470.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$602.6 million during fiscal year 2010, and the ratio of the UAAL to the covered payroll was 410 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, is designed to present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2008 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return per annum. The projected annual healthcare cost trend is 9 percent initially, reduced by decrements to an ultimate rate of 5 percent after six years. The UAAL is being amortized as a level dollar amount over an open basis. The remaining amortization period at June 30, 2008, was thirty years.

Since the most recent actuarial valuation of the Net OPEB Obligation, there have been changes to certain retiree benefits effective October 1, 2010 and a new Pharmacy Benefit Manager arrangement has been made. These changes are not expected to have a material effect on the amounts of Net OPEB obligation or Annual OPEB Cost for the fiscal year ended 2010.

## JUDICIAL RETIREMENT PLAN

**Plan Description:** The New Hampshire Judicial Retirement Plan (the Plan) was established on January 1, 2005 pursuant to RSA 100-C:2 and is intended for all time to meet the requirements of a qualified pension trust within the meaning of section 401(a) and to qualify as a governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code. The Plan is a defined benefit plan providing disability, death, and retirement protection for full-time supreme court, superior court, district court or probate court judges employed within the state.

The Plan is administered by an appointed Board of Trustees (Board), separate from the New Hampshire Retirement System, but certain daily administrative functions of the plan have been delegated by the Board to the New Hampshire Retirement System such as retirement request processing, member record maintenance and serving as the Plan's information center. The Plan has one employee. All employer and member contributions are deposited into separate trust funds that are managed and controlled by the Board of Trustees of the Plan. Any member of the Plan who has at least 15 years of creditable service and who is at least 60 years old is entitled to retirement benefits equal to 70% of the member's final year's salary.

Any member of the Plan who has at least 10 years of creditable service and who is at least 65 years old is entitled to retirement benefits equal to 75% of the member's final year's salary. Any member who has at least 7 years of creditable service and who is at least 70 years old is entitled to retirement benefits equal to 45% of the member's final year's salary. A member who is at least 70 years old shall be granted an additional 10% over the 45% level for each year of creditable service that a member has over 7 years. A member who is at least 60 years old with at least 15 years of service is entitled to 70% of the member's final year's salary, plus an additional 1% for each year of additional service in excess of 15 years.

However, under no circumstances shall any retirement benefit exceed 75% of the member's final year's salary. For purposes of determining the above benefit, the member's final salary is equal to compensation earned in the prior 12-month period in which the employee was a member of the plan.

**Funding Policy:** The Plan is financed by contributions from the members and the state. Pursuant to Chapter 311, Laws of 2003, on January 19, 2005, the state issued \$42.8 million of general obligation bonds in order to fund the Plan's initial unfunded accrued liability. All eligible judges are required to contribute 10% of their salaries to the Plan until they become eligible for a service retirement equal to 75% of their final year's salary. For the bienniums beginning July 1, 2009 and July 1, 2007 the state was required to and contributed 27.42% and 19.68%, respectively, of the members' salary.

As of January 1, 2008, the date of the most recent actuarial valuation, the net assets available to pay retirement benefits, at actuarial value, were reported by the Plan to be \$50.6 million. The total retirement benefit liability using the entry age normal actuarial cost method was \$54.9 million, resulting in a funded ratio of 92% and projected liability in excess of assets of \$4.3 million. Actuarial assumptions used in the valuation include the 1994 Group Annuity Mortality Table, an investment return of 8.0% and salary growth of 3.0%.

## COMPONENT UNITS

Eligible employees of the New Hampshire Retirement System, Pease Development Authority, and Community College System of New Hampshire participate in the PERS and additional disclosure about their participation is available in the NHRS audited financial statements. Employees of the New Hampshire Community Development Finance Authority, the Business Finance Authority, and the University System of New Hampshire are not members of the New Hampshire Retirement System, but participate in their own defined contribution plans.

## 11. CONTINGENT AND LIMITED LIABILITIES

### PRIMARY GOVERNMENT

**Contingent Liabilities:** The state of New Hampshire is contingently liable, within statutory legal limits, for bonds sold by municipalities, school districts, and for first mortgages on industrial and recreational property that contain the guarantee of the state of New Hampshire. The following table shows the composition of the state's \$129.4 million of contingent liabilities and the statutory limits as of June 30, 2010 (expressed in thousands):

	RSA	Guarantee Limit	Remaining Capacity	June 30, 2010		
				PRINCIPAL	INTEREST	TOTAL
Water Pollution Bonds.....	485-A:7	\$ 50,000	\$ 42,122	\$ 6,980	\$ 898	\$ 7,878
Business Finance Authority (BFA) - General Obligation.....	162-A:17	25,000	**	20,000	7,298	27,298
Business Finance Authority (BFA) - Additional State Guarantee.....	162-I:9-b	50,000	**	32,582	308	32,890
Business Finance Authority (BFA) - Unified Contingent Credit Limit....	162-A:22	95,000	* 42,418	52,582	7,606	60,188
School Construction Bonds.....	195-C:2	95,000	33,863	40,707	20,430	61,137
Solid Waste Bonds.....	149-M:31	10,000	9,804	175	21	196
Super Fund Site Cleanup Bonds.....	33:3-f	20,000	* 20,000			
Housing Finance Authority Child Care Loans.....	204-C:79	300	300			
<b>TOTALS.....</b>		<b>\$ 270,300</b>	<b>\$ 148,507</b>	<b>\$100,444</b>	<b>\$ 28,955</b>	<b>\$ 129,399</b>

\*Plus Interest

\*\*Plus interest (guarantee limit under this section is included in and also limited by RSA 162-A:22)

### Limited Liabilities with the Pease Development Authority (PDA):

The state has statutory authority to guarantee bonds issued by the PDA, within certain limits, and advance money to the PDA, through both interest and non-interest bearing loans. In addition, RSA 12-G:17 authorizes the issuance of up to \$250.0 million in bonds backed solely by the credit of the PDA. The table below highlights the legal limits of state guarantees and loans relative to the PDA as of June 30, 2010 (expressed in thousands):

Legal Limit	(1) RSA 12-G:31	(2) RSA 12-G:33	(3) RSA 12-G:34	(4) RSA 12-G:35
	\$ 70,000	\$ 35,000	\$ 5,000	\$ 10,000
<b>Debt Guaranteed Now Assumed by State</b>				
Business Express Airlines.....	10,000			
Atlantic Coast Airlines.....	1,000			
<b>Amount Bonded By State and Loaned to PDA</b>				
Operating Budget FY92 (V161).....	2,800			
Operating Budget FY93 (V161).....	3,800			
Operating Budget FY93 (V165).....	1,000			
Matching Grants Econ. Dev. (V165).....			5,000	
Lonza (Celltech).....	29,990			
<b>Amount Borrowed By PDA and Guaranteed By State</b>				
Bond Anticipation Notes.....	5,000			
Line of Credit.....	2,500			
<b>Remaining Capacity</b>	<b>\$ 13,910</b>	<b>\$ 35,000</b>	<b>\$ -</b>	<b>\$ 10,000</b>

(1) RSA 12-G:31 - \$70 million in bonds may be guaranteed by the state for airport projects or the state can make loans by issuing bonds.

(2) RSA 12-G:33 - \$35 million in bonds may be guaranteed by the state to develop a research district.

(3) RSA 12-G:34 - \$5 million in bonds may be issued and loaned to provide matching grants for FAA and EDA grants.

(4) RSA 12-G:35 - \$10 million in bonds may be issued and loaned to provide matching to private grants for development of research district.

**PDA:** Semiannually, PDA makes payments to the state for the Lonza (Celltech) loans and the state pays the debt service payments. The amount outstanding as of June 30, 2010 relative to the Lonza (Celltech) loans is \$9.6 million (representing principal \$8.6 million and interest \$1.0 million).

**Federal Grants:** The state receives federal grants, which are subject to review and audit by the grantor agencies. Access to

these resources is generally conditional upon compliance with terms and conditions of grant agreements and applicable regulations, including expenditure of resources for allowable purposes. Any disallowances resulting from the audit may become the liability of the state. The state estimates that the ultimate disallowance pertaining to these grants, if any, will be immaterial to its overall financial condition.

## 12. LEASE COMMITMENTS

### OPERATING LEASES

The state has lease commitments for space requirements which are accounted for as operating leases. These leases, subject to continuing appropriation, extend forward a number of years and may contain rent escalation clauses and renewal options. Rent expenditures for fiscal year 2010 for governmental activities and business-type activities were approximately \$10.9 million and \$3.7 million, respectively. The following is a schedule of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2010 (expressed in thousands):

Payable June 30,	Governmental Activities	Business-Type Activities
2011.....	\$ 7,092	\$ 2,806
2012.....	4,870	2,452
2013.....	3,462	2,168
2014.....	2,451	1,454
2015.....	1,147	1,117
2016-2020.....	2,541	1,784
Total.....	\$ 21,563	\$ 11,780

### CAPITAL LEASES

The state has entered into lease agreements as lessee for financing the acquisition of buildings and equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments. The future minimum lease payments and the net present value of those payments at June 30, 2010, are as follows (in thousands):

Payable June 30,	Governmental Activities	Business-Type Activities
2011.....	\$ 858	\$ 141
2012.....	683	109
2013.....	525	
2014.....	345	
2015.....	332	
2016-2020.....	1,044	
2021-2025.....	272	
Total.....	4,059	250
Amount Representing Interest.....	(682)	(13)
Present Value of Minimum Lease Payments.....	\$ 3,377	\$ 237

The assets acquired through capital leases and included in capital assets at June 30, 2010 include the following (in thousands):

	Governmental Activities	Business-Type Activities
Equipment.....	\$ 5,863	\$ 563
Buildings & Building Improvements..	9,996	1,129
Total.....	15,859	1,692
Less: Accumulated Depreciation....	(13,505)	(1,043)
Net.....	\$ 2,354	\$ 649

## 13. LITIGATION

### *Review of New Hampshire's Medicaid Disproportionate Share Hospital Payments*

By letter dated July 9, 2007, the New Hampshire Department of Health and Human Services ("DHHS") received a final report from the Office of Inspector General ("OIG") of the U.S. Department of Health and Human Services regarding an audit of DHHS's disproportionate share hospital ("DSH") payments during federal fiscal year 2004. These payments are administered by Centers for Medicare and Medicaid Services ("CMS"). The report found that \$44 million (later reduced to \$35 million as a result of the State's initial response) of federal share for federal fiscal year 2004 was unallowable on grounds that the State's cost to charge ratio was inflated and recommended that this amount be refunded to CMS. DHHS responded to CMS regarding the report on August 8, 2007.

In October 2009, the DHHS received a Notice of Disallowance from CMS indicating that it concurred with the OIG report findings. The Notice indicated that CMS was disallowing \$35 million in federal funds for federal fiscal year 2004.

The Notice also confirmed that the State may appeal the disallowance to the Federal Departmental Appeals Board (DAB) and elect to retain the funds pending appeal. DHHS filed a formal Notice of Appeal on December 18, 2009 and elected to retain the funds pending outcome of the appeal with the DAB. Both sides have filed briefs with the DAB. DHHS has filed a reply brief on December 16, 2010. The DAB is considering the matter. The OIG report also recommended that the State work with the CMS to review DHS payments claimed after the audit period and refund any overpayments. No action has been taken by either party on this recommendation. It is not possible to predict the outcome of this matter at this time.

### *Litigation related to Financial Resources Mortgage, Inc.*

A lawsuit, *Marino v. Commissioner of Banking*, was filed in Merrimack County Superior Court, and is the first of many possible cases related to the failure of an investment company known as Financial Resources Mortgage, Inc., ("FRM"). FRM was operating a ponzi scheme related to real estate and construction loans. After an evaluation conducted by the Attorney General, it was determined that three State agencies, the Banking Department, the Securities Bureau, and the Attorney General's Office, failed to appropriately handle complaints received over a 10 year period. The plaintiffs in this case are claiming \$265,000 in damages. No trial has been scheduled and it is not possible at this time to predict the outcome of this matter. The State has also received an additional 35 notices of claim alerting the State of individuals who may file lawsuits claiming that the State failed to appropriately regulate FRM. Some reports calculate the total losses to all investors in FRM at approximately \$80 million. The State filed a motion to dismiss on August 5, 2010. No order has yet been issued following a hearing on December 16, 2010. It is not possible to predict the outcome of this matter at this time.

***City of Concord, Belknap County and Masconic Regional School District v. State and State Retirement System***

This lawsuit challenges the constitutionality of the legislation that reduced the State's share of funding for local employers' cost for municipal, school, and county employees in fiscal years 2010 and 2011. The total reduction of the State's share over the biennium is estimated to be \$27 million. Petitioners allege that this reduction in the State's share results in an unconstitutional unfunded mandate imposed on them. The Petitioners have filed for summary judgment. The State's response is due December 20, 2010. On December 20, 2010, the State filed a cross motion for summary judgment. No ruling has been made at this time. Trial is scheduled for April 2011. It is not possible to predict the outcome of this matter.

***State of New Hampshire v. Philip Morris USA, RJ Reynolds, Inc. and Lorillard Tobacco Company***

This case was originally filed as a Petition for a Declaratory Order in Superior Court. The defendants are signatories to the Tobacco Master Settlement Agreement ("MSA") under which the defendants are required to make annual payments to all of the states, including the State. The annual payments received since 2006 have been approximately \$5 million below the required payment amount. The defendants have been withholding portions of their payment or making payment into a disputed payments account claiming that the State failed to diligently enforce the non-participating tobacco manufacturers' obligation to make an escrow payment of an amount meant to mitigate a market advantage to non-participation. The Supreme Court affirmed the ruling of the trial court on June 22, 2007 that all issues would proceed to arbitration. The arbitration panel has been selected and a hearing on preliminary motions is scheduled for October 5, 2010. The discovery phase is ongoing. The individual state arbitrations are expected to begin in the fall of 2011, and are expected to last approximately six months. The tobacco companies are seeking recovery of up to an entire annual payment of approximately \$50 million made to the State under the MSA. The State is unable to predict the outcome at this time.

***Chase Home et al V. Division of Children, Youth and Families ("DCYF")***

On November 7, 2007, seven residential childcare providers initiated a lawsuit in Merrimack County Superior Court against DCYF, *Chase Home et al v. DCYF*. The claims included: 1) breach of contract, 2) breach of implied covenant of good faith and fair dealing, 3) unconstitutional taking, and 4) deprivation of rights under 42 U.S.C. §1983. The Petitioners sought retroactive payment of more than \$3 million as well as costs and attorneys' fees. The State filed a motion for summary judgment on the grounds that DCYF does not have a contractual relationship with the providers, and that it did not engage in any unconstitutional taking of property. On December 5, 2008 the petitioners filed a motion to amend their complaint to state a separate claim based on DCYF's statutory obligation to pay for residential childcare services provided under certain provisions of state law.

Following the petitioners motion to amend its complaint, DCYF withdrew its motion for summary judgment. DCYF re-filed its motion for summary judgment on March 2, 2009. The petitioners sought to amend their complaint again to include allegations that the Medicaid provider services agreements are express contracts. The court allowed them to amend and DCYF re-filed its motion for summary judgment on July 20, 2009.

The court denied the motion for summary judgment and granted in part the petitioner's motion giving collateral estoppel effect to the 2006 hearing officer finding that there was sufficient money in the budget to pay the three petitioners that had appealed in that year. After trial, in May 2010, the trial court ruled in favor of the Petitioners and found that the state had breached its contracts and that there was sufficient money appropriated in the years in question to pay the Petitioners. The court awarded damages of \$3.5 million, but denied Petitioners' request for attorneys fees. The State's motion to reconsider was denied, and an appeal has been filed. No briefing schedule has been issued by the Supreme Court and the State is unable to predict the outcome at this time.

### **OTHER LITIGATION**

The state, its agencies and employees are defendants in numerous other lawsuits. Although the Attorney General is unable to predict the ultimate outcomes of these suits, in the opinions of the Attorney General, State Comptroller and the Commissioner of Administrative Services, the likelihood of such litigation resulting, either individually or in the aggregate, in final judgments against the State, which would materially affect its financial position, is remote. Accordingly, no detailed disclosures of these other lawsuits are provided herein and no provision for such ultimate liability, if any, has been made in the financial statements.

## 14. HIGHWAY

The highway fund is comprised of two accounts, an operating account and capital account. The capital account is primarily comprised of four main construction accounts (federal construction aid, state aid, municipal bridge and betterment). The operating account represents the total highway fund less the capital account activities. Except for the betterment account, cash raised from current year revenue transactions, such as gasoline road toll, licenses, fees etc, are maintained in the operating account and transferred to the capital accounts on demand as cash is needed to fund current year costs. By law, the betterment account receives a cash transfer each month, representing 88% of 3 cents of the gasoline road toll tax. The unaudited, unreserved deficit for the capital and operating accounts and the total highway fund, at June 30, 2010 were as follows (expressed in millions):

	<b>Capital Account</b>	<b>Operating Account</b>	<b>Total Highway Fund</b>
Unreserved Surplus/(Deficit)	\$ (18.1)	\$ 27.0	\$ 8.9

The unaudited deficit in the capital account at June 30, 2010 exists primarily because funds are appropriated from the current year fund balance for multi-year highway construction projects. Although the state will receive reimbursements from federal and local sources in future years, after the actual cash disbursements have occurred, the total project cost is a charge against the fund balance at the time the project is approved.

The unaudited surplus in the operating account at June 30, 2010 was \$27.0 million. Future projects, where no contract has been approved and appropriated, are not yet a charge against fund balance. The surplus balance therefore, remains in the operating account ready to be used when anticipated project plans are converted to specific contracts, which will be approved and appropriated in future fiscal years.

## 15. JOINT VENTURES-LOTTERY COMMISSION

The New Hampshire Lottery Commission is an active participant in two separate joint venture arrangements: the Tri-State Lotto Commission (Tri-State) and the Multi-State Lottery Association (MUSL).

In September 1985, Tri-State was established whereby the New Hampshire Lottery Commission (Lottery) entered into a joint venture with the lotteries of the states of Maine and Vermont to promulgate rules and regulations regarding the conduct of lottery games and the licensing of agents. In addition, each state contributes services towards the management and advisory functions. Each states share of revenues, expenses and interest income is based on their respective share of sales except for direct charges such as advertising, vendor fees and per-diem payments. Prizes awarded under Tri-State games are fully funded by deposit fund contracts and investments held by Tri-State. Accordingly, the Lottery does not record a liability for jackpot awards which are payable in installments from funds provided by Tri-State. For the year ended June 30, 2010, the Lottery recognized \$10.6 million of net income from Tri-State.

In addition, Tri-State has established a Designated Prize Reserve, which acts as a contingency to protect Tri-State against unforeseen liabilities. The Lottery's share of deposits held as Tri-State prize reserves was \$1.6 million at June 30, 2010. The Tri-State issues a publicly available annual financial report, which may be obtained by writing to the Tri-State Lotto Commission, P.O. Box 420 South Barre, Vermont 05670.

In November 1995, the Lottery became a member of MUSL, which is currently comprised of 31 member state lotteries and administers the Multi-State Lottery Powerball and Hot Lotto games. Each state lottery sells tickets, collects revenues and remits prize funds to MUSL net of lower tier prize awards. Each member also pays for a share of MUSL's operating expenses based upon the members proportionate share of game sales. Jackpot prizes that are payable in installments are satisfied through investments purchased by MUSL. Accordingly, the Lottery does not record a liability for jackpot awards which are payable in installments from funds provided by MUSL. For the year ended June 30, 2010, the Lottery recognized \$19.6 million of net income from MUSL. In addition, MUSL has established a contingency reserve to protect MUSL and its members against unforeseen liabilities. The Lottery's share of deposits held as MUSL prize reserves was \$2.3 million at June 30, 2010. MUSL issues a publicly available annual financial report, which may be obtained by writing to the Multi-State Lottery Association, 1701-48<sup>th</sup> Street, Suite 210, West Des Moines, Iowa 50266-6723.

## 16. TRANSACTIONS AMONG RELATED FUNDS AND ACTIVITIES

In fiscal year 2010, expenses were incurred due to work performed by other state agencies for the Turnpike system. Enforcement expenses of \$5 million from the Department of Safety, and bridge maintenance, sign crew, pavement marking and mechanical services from the Department of Transportation Highway Bureau of \$2 million included in Indirect Costs, accounted for the majority of interfund activity.

Since these activities are not shown in combined form in the accompanying financial statements, these transactions are not eliminated.

### Transfer of capital assets

### Section of Interstate 95 to Turnpike System

Effective July 1, 2009, Chapter 144, Laws of 2009, authorized the Department of Transportation to convey from the Highway fund to the Turnpike System, a portion of Interstate 95 in Portsmouth for the sum of \$120 million in Notes bearing fixed interest set at 4%, based on an appropriate benchmark for tax-exempt debt. The law also specifies that the Turnpike System will make payments on the Notes from its general reserve account over a period not to exceed twenty years, with \$30 million including interest being paid in fiscal year 2010 and \$20 million including interest being paid in fiscal year 2011.

## **16. TRANSACTIONS AMONG RELATED FUNDS AND ACTIVITIES - CONTINUED**

The conveyance occurred on August 25, 2009. Since the parties are related, the transaction is accounted for as a transfer of assets at carrying cost. The Turnpike System assumed liability for the Notes in the amount of \$120 million, therefore, it recognized a loss on the acquisition for the difference between the amount of the Notes and the governmental activities carrying cost of the asset, of \$117 million.

Governmental Activities recognized a transfer in on the sale of the asset, with Note interest, at such time as payments are received. In fiscal year 2010, \$30 million is included in Miscellaneous Revenue.

### **Land associated with the Hooksett Rest Area of Interstate 93**

The State Liquor Commission ("SLC") conveyed approximately 18.5 acres of land to the Turnpike System for \$6.5 million, an amount determined by appraisal. The land is to be used by the System for the commercial development of expanded rest area facilities to potentially include traveler conveniences such as restaurants and fuel facilities. The SLC transferred the cash received, \$6.5 million to the General Fund as provided by legislation passed for the transaction.

Since the transaction was between related Activities of Government, the Turnpike System recorded the land at the SLC carrying cost of \$.3 million, and the rest of the proceeds paid were recognized as an intra-entity transfer out on the acquisition of assets.

### **University System of New Hampshire contribution to General Fund**

USNH, a component unit of the State's financial statements, made a voluntary \$25 million payment to be deposited to the General Fund during fiscal year 2010. The payment was in recognition, in part, of the debt service paid by the General Fund for Debt issued to benefit the University System. The General Fund accepted this payment, by Fiscal Committee action, and the amount has been recognized as Miscellaneous Revenue.

## **17. SUBSEQUENT EVENTS**

On July 14, 2010 the state issued \$45.0 million of general obligation refunding bonds. The maturity dates on these serial bonds range from 2013 through 2020. These bonds were used to refund \$48.4 million of outstanding bonds. The refunding restructured selected principal payments due on outstanding debt during FY 11. The refunding cost the State \$0.7 million on a net present value basis.

On September 1, 2010, the State issued \$90.0 million in tax exempt general obligation bonds with maturity dates ranging from 2012 to 2020 with 5% coupon rates. The sale resulted in a \$17.0 million premium that will be used to fund capital projects. The \$90.0 million will be used to fund school building aid payments for FY 10 and FY 11. Also on September 1, 2010, the State issued \$60.0 million in taxable Build America Bonds with maturity dates ranging from 2021 to 2030 and coupon rates from 3.5% to 4.5%. The federal government will provide subsidy payments of 35% of the interest on these bonds.

On November 4, 2010, the State issued \$80.0 million in taxable Federal Highway Grant Anticipation Bonds. The State will use the 2010 Bond proceeds to fund two segments of the I-93 Project. Of the amount, \$20.0 million was issued as Build America Bonds with maturity dates ranging from 2020 to 2022 and coupon rates from 3.9% to 4.3%. The federal government will provide subsidy payments of 35% of the interest on these bonds. In addition, \$60.0 million was issued as Recovery Zone Economic Development Bonds with maturity dates ranging from 2022 to 2025 and coupon rates from 4.3% to 4.9%. The federal government will provide subsidy payments of 45% of the interest on these bonds.

The State is in the process of implementing retiree medical and prescriptions plan changes. It is estimated that if these plan changes had been reflected in the State's most recent Other Post Employment Benefit (OPEB) actuarial valuation, that the cumulative effect would reduce the unfunded actuarial accrued liability (UAAL) by approximately 9.2%, from \$2,470.5 million to \$2,242.0 million.



## **Required Supplementary Information (Unaudited)**

**STATE OF NEW HAMPSHIRE****BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)****GENERAL FUND****FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

(expressed in thousands)

**General Fund**

	<b>Budgeted Amount</b>			<b>Variance with Final Budget-</b>	
	<b>ORIGINAL</b>		<b>ACTUAL</b>	<b>Positive</b>	
			( <b>Budgetary Basis</b> )	( <b>Negative</b> )	
<b>REVENUES</b>					
General Property Taxes.....	\$ 379	\$ 379	\$ 203	\$ (176)	
Special Taxes.....	1,038,751	1,038,751	996,949	(41,802)	
Personal Taxes.....	121,567	121,567	130,495	8,928	
Business License Taxes.....	36,185	36,185	18,824	(17,361)	
Non-Business License Taxes.....	85,876	85,876	88,586	2,710	
Fees.....	187,464	190,433	170,382	(20,051)	
Fines, Penalties and Interest.....	14,243	14,263	11,161	(3,102)	
Grants from Federal Government.....	1,966,466	2,180,877	1,619,361	(561,516)	
Grants from Private and Local Sources.....	151,879	124,809	115,931	(8,878)	
Rents and Leases.....	12,469	12,469	10,201	(2,268)	
Interest Premiums and Discounts.....	6,580	6,580	11,955	5,375	
Sale of Commodities.....	9,134	9,226	11,855	2,629	
Sale of Services.....	124,012	124,015	108,332	(15,683)	
Assessments.....	117,187	117,187	87,074	(30,113)	
Grants from Other Agencies.....	167,588	170,932	191,348	20,416	
Miscellaneous.....	314,604	315,723	167,258	(148,465)	
Total Revenue.....	4,354,384	4,549,272	3,739,915	(809,357)	
<b>EXPENDITURES</b>					
<b>GENERAL GOVERNMENT</b>					
Legislative Branch.....	21,925	21,925	15,973	5,952	
Executive.....	118,635	137,027	68,325	68,702	
Information Technology.....	64,641	62,842	53,984	8,858	
Executive Couincil.....	229	229	222	7	
Off. Of Economic Stimulus.....	1,140	1,072	290	782	
Administrative Services.....	138,796	138,343	123,392	14,951	
Sec of State.....	28,682	28,682	7,598	21,084	
Cultural Affairs.....	7,548	7,820	7,078	742	
Revenue Administration.....	17,475	16,963	15,975	988	
State Treasury.....	86,979	87,295	75,599	11,696	
NH Retirement System.....	63,301	63,301	57,132	6,169	
Boards and Commissions.....	2,846	2,924	2,635	289	
Total.....	552,197	568,423	428,203	140,220	
<b>JUSTICE AND PUBLIC PROTECTION</b>					
Judicial Branch.....	76,759	77,849	74,475	3,374	
Adjutant General.....	38,103	38,060	21,768	16,292	
Agriculture.....	5,730	6,259	4,351	1,908	
Justice Department.....	46,725	48,567	26,641	21,926	

See accompanying Independent Auditors' Report. The Notes to Required Supplementary Information are an integral part of this schedule.

**STATE OF NEW HAMPSHIRE  
BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited) - continued  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(expressed in thousands)**

	<b>General Fund</b>			
	<b>Budgeted Amount</b>		<b>Variance with Final Budget-</b>	
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL (Budgetary Basis)</b>	<b>Positive (Negative)</b>
Bank Commission.....	5,669	5,669	4,753	916
Pari-Mutuel Commission.....	970	1,050	1,050	0
Highway Safety.....	6,120	6,077	2,707	3,370
Insurance.....	9,657	9,657	8,151	1,506
Labor .....	36,508	37,071	23,674	13,397
Public Utilities Commission.....	60,271	60,695	25,005	35,690
Safety.....	228,964	256,113	145,460	110,653
Corrections Department.....	107,393	107,402	103,196	4,206
Employment Security.....	52,393	52,610	34,245	18,365
Judicial Council.....	26,730	28,203	27,721	482
Human Rights Commission .....	674	690	679	11
Boards and Commissions.....	556	581	559	22
Total.....	703,222	736,553	504,435	232,118

**RESOURCE PROTECTION AND DEVELOPMENT**

Resource and Economic Development.....	68,962	70,401	51,615	18,786
Pease Development Authority.....	11,165	11,165	(2,600)	13,765
Environmental Services.....	383,718	391,746	216,793	174,953
Development Finance Authority.....	180	180	180	-
Boards and Commissions.....	548	564	541	23
Total.....	464,573	474,056	266,529	207,527

**TRANSPORTATION**

Transportation.....	77,173	77,747	12,414	65,333
Total.....	77,173	77,747	12,414	65,333

**HEALTH AND SOCIAL SERVICES**

Health and Human Services Commissioner.....	805,802	810,845	780,094	30,751
Office of Health Management.....	97,199	105,060	76,155	28,905
Children and Youth.....	135,571	137,253	126,038	11,215
Transitional Assistance.....	105,944	113,953	106,864	7,089
Behavioral Health.....	111,101	119,874	115,438	4,436
Developmental Services.....	265,202	272,527	240,879	31,648
Developmental Disabilities Council.....	602	602	462	140
N H Hospital.....	72,669	71,937	67,172	4,765
Home for Elderly.....	13,162	13,019	12,476	543
N H Veterans Home.....	28,774	28,774	26,220	2,554
Veterans Council.....	444	444	428	16
Youth Development Services.....	29,140	29,374	26,436	2,938
Elderly and Adult Services.....	442,283	452,340	428,908	23,432

See accompanying Independent Auditors' Report. The Notes to Required Supplementary Information are an integral part of this schedule.

**STATE OF NEW HAMPSHIRE**  
**BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited) - continued**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
(bexpressed in thousands)

	<b>General Fund</b>			
	<b>Budgeted Amount</b>		<b>Variance with Final Budget-</b>	
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL (Budgetary Basis)</b>	<b>Positive (Negative)</b>
Admin and Support.....	928	927	798	129
Boards and Commissions.....	3,485	4,506	2,997	1,509
<b>Total.....</b>	<b>2,112,306</b>	<b>2,161,435</b>	<b>2,011,365</b>	<b>150,070</b>
 <b>EDUCATION</b>				
Post Secondary Education Commission.....	5,391	5,527	4,834	693
Department of Education.....	430,088	433,587	263,940	169,647
NH Comm. Tech. College System.....	123,511	123,475	115,048	8,427
Planetarium.....	1,659	1,665	1,600	65
Police Standards and Training Council.....	4,548	4,548	3,176	1,372
University of New Hampshire.....	99,715	100,000	100,000	-
<b>Total.....</b>	<b>664,912</b>	<b>668,802</b>	<b>488,598</b>	<b>180,204</b>
Debt Service.....	104,028	104,028	104,028	0
Capital Outlays.....	24,995	24,995	24,995	-
<b>Total .....</b>	<b>4,703,406</b>	<b>4,816,039</b>	<b>3,840,567</b>	<b>975,472</b>
Deficiency of Revenues				
Under Expenditures.....	(349,022)	(266,767)	(100,652)	166,115
 <b>Other Financing Sources (Uses)</b>				
Transfers In.....	-	123,775	143,621	19,846
Transfers Out .....	-	(17,623)	(53,416)	(35,793)
Miscellaneous.....	-	529	6,800	6,271
<b>Total Other Financing Sources Uses.....</b>	<b>-</b>	<b>106,681</b>	<b>97,005</b>	<b>(9,676)</b>
Deficiency of Revenues and Other Sources Under Expenditures and Other Uses.....	(349,022)	(160,086)	(3,647)	156,439
<b>Fund Balance - July 1.....</b>	<b>416,446</b>	<b>416,446</b>	<b>416,446</b>	<b>-</b>
<b>Fund Balance - June 30.....</b>	<b>\$ 67,424</b>	<b>\$ 256,360</b>	<b>\$ 412,799</b>	<b>\$ 156,439</b>

**STATE OF NEW HAMPSHIRE**  
**BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)**  
**HIGHWAY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
 (expressed in thousands)

	<b>Highway Fund</b>					
	<b>Budgeted Amounts</b>			<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget-Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>				
<b>REVENUES</b>						
Business License Taxes.....	\$ 150,973	\$ 150,973	\$ 146,684	\$		(4,289)
Non-Business License Taxes.....	118,940	118,940	119,790			850
Fees.....	21,991	23,229	22,197			(1,032)
Fines, Penalties and Interest.....	568	638	645			7
Grants from Federal Government.....	375,796	376,504	186,323			(190,181)
Grants from Private and Local Sources.....	21,646	21,646	3,679			(17,967)
Rents and Leases.....	222	223	149			(74)
Interest Premiums and Discounts.....	750	750				(750)
Sale of Commodities.....	1,160	1,160	137			(1,023)
Sale of Services.....	33,301	33,301	33,532			231
Assessments.....	-	-	1			1
Grants from Other Agencies.....	2,416	2,464	2,528			64
Miscellaneous.....	(16,531)	(16,307)	60,629			76,936
Total Revenues.....	711,232	713,521	576,294			(137,227)
<b>EXPENDITURES</b>						
Justice and Public Protection.....	34	1,279	1,565			(286)
Transportation.....	558,897	562,795	450,728			112,067
Debt Service.....	13,143	11,075	13,143			(2,068)
Capital Outlays.....	22,384	44,487	22,384			22,103
Total Expenditures .....	594,458	619,636	487,820			131,816
Deficiency of Revenues						
Under Expenditures.....	116,774	93,885	88,474			(5,411)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In.....	-	2,550				(2,550)
Transfers Out .....	-	(4,020)	(9,262)			(5,242)
Miscellaneous.....	-	2,678	1,541			(1,137)
Total Other Financing Sources (Uses).....		1,208	(7,721)			(8,929)
Deficiency of Revenues and Other Sources Under Expenditures and Other Uses.....	116,774	95,093	80,753			(14,340)
<b>Fund Balance - July 1.....</b>	<b>23,122</b>	<b>23,122</b>	<b>23,122</b>			<b>-</b>
<b>Fund Balance - June 30.....</b>	<b>\$ 139,896</b>	<b>\$ 118,215</b>	<b>\$ 103,875</b>	<b>\$</b>	<b></b>	<b>(14,340)</b>

**STATE OF NEW HAMPSHIRE**  
**BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE (Unaudited)**  
**EDUCATION FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
 (expressed in thousands)

<b>Education Fund</b>						
	<b>Budgeted Amounts</b>			Actual (Budgetary Basis)	Variance with Final Budget-Positive (Negative)	
	Original	Final				
<b>REVENUES</b>						
General Property Taxes.....	\$ 391,000	\$ 391,000	\$ 393,093		\$ 2,093	
Special Taxes.....	293,800	293,800	280,399		(13,401)	
Personal Taxes.....	95,600	95,600	113,004		17,404	
Fines, Penalties and Interest.....	-	-	2		2	
Grants from Federal Government.....	160,078	160,078	160,078			
Miscellaneous.....	40,000	40,000	40,000			
Total Revenues.....	980,478	980,478	986,576		6,098	
<b>EXPENDITURES</b>						
General Government.....	-	-				
Education.....	957,021	957,021	952,855		4,166	
Total Expenditures .....	957,021	957,021	952,855		4,166	
Excess (Deficiency) of Revenues						
Over (Under) Expenditures.....	23,457	23,457	33,721		10,264	
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In.....	-	52,938	52,938			
Total Other Financing Sources (Uses).....		52,938	52,938			
Excess (Deficiency) of Revenues						
and Other Sources Over (Under)						
Expenditures and Other Uses.....	23,457	76,395	86,659		10,264	
<b>Fund Balance - July 1.....</b>	(50,248)	(50,248)	(50,248)			
<b>Fund Balance - June 30.....</b>	\$ (26,791)	\$ 26,147	\$ 36,411		\$ 10,264	

## Note to the Required Supplementary Information - Budgetary Reporting (Unaudited) FOR THE FISCAL YEAR ENDED JUNE 30, 2010

### RECONCILIATION OF BUDGETARY TO GAAP

The state's biennial budget is prepared on a basis other than GAAP. The "actual" results columns of the Budget and Actual – Non-GAAP budgetary statements are presented on a "budgetary basis" under such standardized accounting methods and policies structured to provide a meaningful comparison to budget.

The major differences between the budgetary basis and the GAAP basis are:

1. Expenditures (Budgetary) are recorded when cash is paid or committed by contractual obligation (encumbrance), rather than when the obligation is incurred (GAAP). Revenues (Budgetary) are based on cash received plus estimated revenues related to the budgetary expenditures and contractual obligations (encumbrances). Additional revenue accruals are made on a (GAAP) basis only.
2. On a GAAP basis, major inter-agency and intra-agency transactions are eliminated in order to not double count revenues and expenditures.

The following schedule reconciles the General and Major Special Revenue Funds of the primary government for differences between budgetary accounting methods and the GAAP basis accounting principles for the year ended June 30, 2010 (expressed in thousands).

	General Fund	Highway Fund	Education Fund
Excess (Deficiency) of revenues and other financing sources Over (under) expenditures and other financing uses (Budgetary Basis)	\$ (3,647)	\$ 80,753	\$ 86,659
Adjustments and Reclassifications: To record change in Accounts Payable and Accrued Payroll	76,799	3,500	(210)
To Record change in Encumbrances	87,122	(64,864)	-
To Record change in Accounts Receivable	(121,652)	30,142	(71,704)
To Record Other Financing Sources (Uses)	40,401	-	(16,844)
Excess (Deficiency) of revenues and other financing sources Over (under) expenditures and other financing uses* (GAAP Basis)	\$ 79,023	\$ 49,531	\$ (2,099)

\*Includes Change in Inventory reserves for General and Highway of \$ (428), \$1,541 respectively.

**Required Supplementary Information (Unaudited)**  
**INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFITS**

The following schedules present the State of New Hampshire's actuarially determined funding progress and required contributions for the State's Other Postemployment Benefits (using the projected unit credit actuarial cost method):

**Schedule of Funding Progress by Valuation Date**  
(Expressed in thousands)

Valuation Date	Actuarial Value of Assets	Unfunded		Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
		Actuarial Accrued Liability (AAL)	Actuarial Accrued Liability (UAAL)		
06/30/08	\$ -	\$ 2,470,485	\$ 2,470,485	0%	* \$ 602,644 409.94%
12/31/06	\$ -	\$ 2,559,477	\$ 2,559,477	0%	\$ 558,400 458.36%

\*Annual Covered Payroll data updated for FY 10

**Schedule of Employer Contributions**  
(Expressed in thousands)

Fiscal Year Ended June 30,	Actual		
	Annual OPEB Cost	Contributions (pay-as-you-go)	Percentage Contributed
2010	\$ 208,151	\$ 52,790	25.36%
2009	\$ 195,442	\$ 57,011	29.17%
2008	\$ 207,142	\$ 50,332	24.30%

**INFORMATION ABOUT THE NEW HAMPSHIRE JUDICIAL RETIREMENT PLAN**

The following schedules present the New Hampshire Judicial Retirement Plan's actuarially determined funding progress and required contributions for pension benefits (using the entry age normal actuarial cost method):

**Schedule of Funding Progress by Valuation Date**  
(Expressed in thousands)

Valuation Date	Actuarial Value of Assets	Unfunded		Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
		Actuarial Accrued Liability (AAL)	Actuarial Accrued Liability (UAAL)		
01/01/08	\$ 50,601	\$ 54,931	\$ 4,330	92%	\$ 7,195 60.18%
01/01/06	\$ 44,980	\$ 47,153	\$ 2,173	95%	\$ 6,833 31.80%
01/01/05	\$ 42,800	\$ 43,670	\$ 870	98%	\$ 6,363 13.67%

**Schedule of Employer Contributions**  
(Expressed in thousands)

Fiscal Year Ended December 31,	Annual Required Contribution		
	(ARC)	Actual Contributions	Percentage Contributed
2009	\$ 1,754	\$ 1,754	100.00%
2008	\$ 1,416	\$ 1,416	100.00%
2007	\$ 1,244	\$ 1,244	100.00%

## **Combining Financial Statements**

## Highway Fund

The state's highway fund serves a dual role, comprising of both operating activities and long-term capital improvement activities. The accounting and budgeting over the years has followed a conservative approach in that funds are raised in the current year to appropriate for highway construction projects that may subsequently take several years to complete. The fund balance is affected at the time of appropriation, and has reported to be in a deficit position, for both the operating and capital accounts. For fiscal year 2005 the state has expanded its reporting by presenting the operating and capital activities separately on combining schedules and adding additional disclosures relating to encumbrances and future commitments.

The **capital account** is comprised of four main construction accounts (federal construction aid, state aid, municipal bridge and betterment). The **operating account** represents the total highway fund less the capital account activities. Except for the betterment account, cash raised from current year revenue transactions, such as gasoline road toll, licenses, fees etc, are maintained in the operating account and transferred to the capital accounts on demand as cash is needed to fund current year costs. By law, the betterment account receives a cash transfer each month, representing 88% of 3 cents of the gasoline road toll tax. For the Biennium ending June 30, 2009, 1 cent of betterment was credited the operating account to pay principal and interest for bond proceeds over the same time period.

**STATE OF NEW HAMPSHIRE**  
**COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS**  
**HIGHWAY FUND**  
**JUNE 30, 2010**  
**(Expressed in Thousands)**

	Highway Capital	Highway Operating	Total Highway Fund
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ 7,219		\$ 7,219
Receivables (Net of Allowances for Uncollectibles)..	33,871	\$ 14,700	48,571
Inter-Fund Note Receivable.....		91,127	91,127
Due from Other Funds.....		30,005	30,005
Inventories.....		10,470	10,470
Total Assets .....	<u>\$ 41,090</u>	<u>\$ 146,302</u>	<u>\$ 187,392</u>
<b>LIABILITIES</b>			
Accounts Payable.....	\$ 22,161	\$ 4,618	\$ 26,779
Accrued Payroll.....		5,229	5,229
Due to Other Funds.....	3,735	(3,735)	
Deferred Revenue .....	1,353	92,388	93,741
Other Liabilities .....		18	18
Total Liabilities.....	<u>27,249</u>	<u>98,518</u>	<u>125,767</u>
<b>FUND BALANCES</b>			
Reserved for Encumbrances.....	23,933	6,658	30,591
Reserved for Inventories.....		10,470	10,470
Reserved for Unexpended Appropriations.....	8,032	3,636	11,668
Unreserved, Undesignated (Deficit) .....	(18,124)	27,020	8,896
Total Fund Balances .....	<u>13,841</u>	<u>47,784</u>	<u>61,625</u>
Total Liabilities and Fund Balances.....	<u>\$ 41,090</u>	<u>\$ 146,302</u>	<u>\$ 187,392</u>

**STATE OF NEW HAMPSHIRE  
COMBINING SCHEDULE OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE ACCOUNTS  
HIGHWAY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Expressed in Thousands)**

	Highway Capital	Highway Operating	Total Highway Fund
<b><u>REVENUES</u></b>			
Business License Taxes (Betterment).....	\$ 23,254	\$ 123,430	\$ 146,684
Non-Business License Taxes.....		119,790	119,790
Fees.....		22,197	22,197
Fines, Penalties and Interest.....		645	645
Grants from Federal Government.....	197,869	8,857	206,726
Grants from Private and Local Sources.....	2,558	1,121	3,679
Rents and Leases.....		149	149
Sale of Commodities.....		137	137
Sale of Service.....		33,587	33,587
Assessments.....		1	1
Grants from Other Agencies.....		2,528	2,528
Miscellaneous.....	7	40,307	40,314
Total Revenues.....	223,688	352,749	576,437
<b><u>EXPENDITURES</u></b>			
Administration of Justice and Public Protection.....		1,553	1,553
Transportation.....	219,559	292,546	512,105
Debt Service.....		13,143	13,143
Capital Outlay.....	12,990	9,394	22,384
Total Expenditures.....	232,549	316,636	549,185
Deficiency of Revenues Under Expenditures.....	(8,861)	36,113	27,252
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers In (Out).....	14,162	(14,162)	
Transfers Out.....	(3,660)	(5,602)	(9,262)
Installments on Sale of Assets.....		30,000	30,000
Total Other Financing Sources (Uses).....	10,502	10,236	20,738
Deficiency of Revenues and Other Sources Under Expenditures and Other Uses.....	1,641	46,349	47,990
Fund Balances - July 1 .....	12,200	(106)	12,094
Change in Reserve for Inventory.....		1,541	1,541
	<b>\$ 13,841</b>	<b>\$ 47,784</b>	<b>\$ 61,625</b>

## Non - Major Governmental Financial Statements

**Special Revenue Fund: Fish and Game Fund:** The operations of the State Fish and Game Department, including the operation of fish hatcheries, inland and marine fisheries, and wildlife areas, and functions related to law enforcement, land acquisition, and wildlife management and research, are financed through the Fish and Game Fund. Principal revenues of this fund include fees from fish and game licenses, the marine gas tax, penalties, and recoveries, and federal grants-in-aid related to fish and game management, all of which are appropriated annually by the Legislature for the use of the Fish and Game Department.

**Capital Projects Fund:** Used to account for certain capital improvement appropriations which are or will be primarily funded by the issuance of state bonds or notes, other than bonds and notes for highway or turnpike purposes, or by the application of certain federal matching grants.

**Permanent Funds:**

**NH Hospital:** Consist of several trust funds that were made expressly for the benefit of patients at the NH Hospital through various bequeathals.

**Land Conservation Endowment:** The Land Conservation Investment Program (LCHIP) is responsible for monitoring the condition and status of 80 state-held conservation easements acquired by the LCHIP.

**Other:** The other category consists of several accounts that report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the state or its citizenry. They include: Harriet Huntress, Hattie Livesey, John Nesmith, Special Teachers Comp., Catastrophic Illness, Sam Whidden Trust, Ben Thompson, and the Guy Thompson Memorial.

**STATE OF NEW HAMPSHIRE**  
**COMBINING BALANCE SHEET**  
**NON - MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**  
**(Expressed in Thousands)**

	<b>Permanent Funds</b>								<b>Total Non-Major</b>	
	<b>Fish &amp; Game</b>		<b>NH Hospital</b>		<b>Land</b>		<b>Other Permanent</b>			
	<b>Capital</b>		<b>2,526</b>		<b>2,158</b>		<b>6,570</b>	<b>14,217</b>		
<b>ASSETS</b>										
Cash and Cash Equivalents .....	\$ 8,194	\$ 2,370	\$ 60		\$ 4,412	\$ 4,472	\$ 15,036			
Investments .....			5,061	\$ 2,526	2,158	9,745		9,745		
Receivables (Net).....	736	\$ 1,606						2,342		
Due from Other Funds.....	1,722	\$ 18						1,740		
Inventories.....	893							893		
<b>Total Assets.....</b>	<b>\$ 11,545</b>	<b>\$ 3,994</b>	<b>\$ 5,121</b>	<b>\$ 2,526</b>	<b>\$ 6,570</b>	<b>\$ 14,217</b>	<b>\$ 29,756</b>			
<b>LIABILITIES</b>										
Accounts Payable.....	\$ 930	\$ 10,267						\$ 11,197		
Accrued Payroll.....	761	18						779		
Deferred Revenue .....		91						91		
Other Liabilities.....		20						20		
<b>Total Liabilities.....</b>	<b>1,691</b>	<b>10,396</b>						<b>12,087</b>		
<b>FUND BALANCES</b>										
Reserved for Encumbrances.....	1,540	57,117						58,657		
Reserved for Inventories.....	893							893		
Reserved for Unexpended Appropriations..	3,840							3,840		
Reserved for Permanent Trust .....		\$ 5,121	\$ 2,526	\$ 6,570	\$ 14,217			14,217		
Unreserved, Undesignated (Deficit).....	3,581	\$ (63,519)						(59,938)		
<b>Total Fund Balances (Deficit).....</b>	<b>9,854</b>	<b>(6,402)</b>	<b>5,121</b>	<b>2,526</b>	<b>6,570</b>	<b>14,217</b>	<b>17,669</b>			
<b>Total Liabilities and Fund Balances ....</b>	<b>\$ 11,545</b>	<b>\$ 3,994</b>	<b>\$ 5,121</b>	<b>\$ 2,526</b>	<b>\$ 6,570</b>	<b>\$ 14,217</b>	<b>\$ 29,756</b>			

**STATE OF NEW HAMPSHIRE  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Expressed in Thousands)**

	<b>Fish &amp; Game</b>	<b>Capital</b>	<b>Permanent Funds</b>						<b>Total Non-Major</b>
			<b>NH Hospital</b>	<b>Conservation Endowment</b>	<b>Other Permanent</b>	<b>Total Permanent</b>			
<b>REVENUES</b>									
Non-Business License Taxes.....		\$ 8,502							\$ 8,502
Fees.....		1,337							1,337
Fines, Penalties and Interest.....		145							145
Grants from Federal Government.....	7,997	\$ 14,006							22,003
Grants from Private and Local Sources.....	288	1,224							1,512
Interest, Premiums and Discounts.....	52		\$ 159	\$ 58	\$ 70	\$ 287			339
Sale of Commodities.....	239								239
Sale of Service.....	3								3
Grants from Other Agencies.....	4,243	8							4,251
Miscellaneous.....	637	0	444	316	351	1,111			1,748
Total Revenues.....	23,443	15,238	603	374	421	1,398			40,079
<b>EXPENDITURES</b>									
Current:									
General Government.....				1,093					1,093
Administration of Justice & Public Protection.....									
Resource Protection and Development.....	24,432			122	81	203	24,635		
Health and Social Services.....				418		208	626	626	
Debt Service.....	445								445
Capital Outlay.....	814	152,015							152,829
Total Expenditures.....	25,691	153,108	418	122	289	829	179,628		
Deficiency of Revenues Under Expenditures.....	(2,248)	(137,870)	185	252	132	569	(139,549)		
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers In .....		1,593							1,593
Transfers Out.....	(500)	(1,992)							(2,492)
Issuance of BANS.....		50,000							50,000
Payments to Refunding Bond Escrow Agent.....		(168,608)							(168,608)
G.O. Bond Premium.....		23,509							23,509
G.O. Bond Issuance.....		282,599							282,599
Total Other Financing Sources.....	1,093	185,508							186,601
Excess (Deficiency) of Revenues & Other Sources Over (Under) Expenditures & Other Uses.....	(1,155)	47,638	185	252	132	569	47,052		
Fund Balances (Deficit) - July 1 .....	10,833	(54,040)	4,936	2,274	6,438	13,648	(29,559)		
Change in Reserve for Inventory.....		176							176
Fund Balances (Deficit) - June 30.....	\$ 9,854	\$ (6,402)	\$ 5,121	\$ 2,526	\$ 6,570	\$ 14,217	\$ 17,669		

**STATE OF NEW HAMPSHIRE**  
**BUDGET TO ACTUAL (NON-GAAP BUDGETARY BASIS) SCHEDULE**  
**FISH & GAME FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
 (expressed in thousands)

**Fish and Game Fund**

	<b>Budgeted Amounts</b>				<b>Variance with Final Budget-Positive (Negative)</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual (Budgetary Basis)</b>	<b>Variance with Final Budget-Positive (Negative)</b>		
			<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>						
Special Taxes.....	\$ -	\$ -	\$ -	\$ -	-	
Non-Business License Taxes.....	9,892	9,892	\$ 8,502	\$ (1,390)		
Fees.....	3,425	3,442	1,708	(1,734)		
Fines, Penalties and Interest.....	153	153	145	(8)		
Grants from Federal Government.....	9,752	9,779	8,028	(1,751)		
Grants from Private and Local Sources.....	953	953	288	(665)		
Interest Premiums and Discounts.....	122	122	52	(70)		
Sale of Commodities.....	608	608	530	(78)		
Sale of Services.....	(1,034)	(1,034)	3	1,037		
Grants from Other Agencies.....	6,415	6,681	4,243	(2,438)		
Miscellaneous.....	1,340	1,398	717	(681)		
Total Revenues.....	31,626	31,994	24,216	(7,778)		
<b>EXPENDITURES</b>						
Resource Protection and Development.....	31,848	31,976	28,346	3,630		
Debt Service.....	1,259	456	445	11		
Capital Outlays.....	-	1,121	814	307		
Total Expenditures .....	33,107	33,553	29,605	3,948		
Excess (Deficiency) of Revenues						
Over (Under) Expenditures.....	(1,481)	(1,559)	(5,389)	(3,830)		
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In.....						
Transfers Out .....	-		1,593	1,593		
Miscellaneous.....	-		176	176		
Total Other Financing Sources (Uses).....			1,769	1,769		
Excess (Deficiency) of Revenues and Other Sources Over (Under)						
Expenditures and Other Uses.....	(1,481)	(1,559)	(3,620)	(2,061)		
<b>Fund Balance - July 1.....</b>	<b>11,504</b>	<b>11,504</b>	<b>11,504</b>	<b>-</b>		
<b>Fund Balance - June 30.....</b>	<b>\$ 10,023</b>	<b>\$ 9,945</b>	<b>\$ 7,884</b>	<b>\$ (2,061)</b>		

**Reconciliation of Budgetary To GAAP**

The State's biennial budget is prepared on a basis other than GAAP. The "actual" results column of the Budget and Actual - Non-GAAP budgetary statement are presented on a "budgetary basis" to provide a meaningful comparison to budget.

The major differences between the budgetary basis and the GAAP basis are:

1. Expenditures are recorded when cash is paid or committed (budgetary), rather than when the obligation is incurred (GAAP). In addition, revenue based on these accruals is adjusted on a GAAP basis only.
2. On a GAAP basis, major inter-agency and intra-agency transactions are eliminated in order to not double count revenues and expenditures.

The following schedule reconciles the Fish and Game Fund of the primary government for differences between budgetary accounting methods and the GAAP basis accounting principles for the year ended June 30, 2010 (expressed in thousands).

	<b>Fish &amp; Game Fund</b>
Excess (Deficiency) of revenues and other financing sources over (under) expenditures and other financing uses (Budgetary Basis)	\$ (3,620)
Adjustments and Reclassifications: To record change in Accounts Payable and Accrued Payroll	1,724
To Record change in Encumbrances	427
To Record change in Accounts Receivable	991
To Record Other Financing Sources (Uses)	(500)
Excess (Deficiency) of revenues and other financing sources over (under) expenditures and other financing uses* (GAAP Basis)	\$ (979)

## **Internal Service Fund**

**STATE OF NEW HAMPSHIRE****COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS****EMPLOYEE BENEFIT RISK MANAGEMENT FUND****JUNE 30, 2010**

(Expressed in Thousands)

	<b>Health</b>				
	<b>Active</b>	<b>Retirees</b>	<b>Total</b>	<b>Dental</b>	<b>Total</b>
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents.....	\$ 21,047	\$ 13,554	\$ 34,601	\$ 1,727	\$ 36,328
790	1,431	2,221	40	2,261	
Accounts Receivable.....					
Total Assets.....	\$ 21,837	\$ 14,985	\$ 36,822	\$ 1,767	\$ 38,589
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable.....	\$ 18	\$ 18	\$ 36		\$ 36
2,750	1,565	4,315		4,315	
Claims Payable.....					
Incurred but not Reported (IBNR).....	9,056	4,328	13,384	\$ 407	13,791
Total Liabilities.....	11,824	5,911	17,735	407	18,142
<b>NET ASSETS</b>					
Total Net Assets .....	\$ 10,013	\$ 9,074	\$ 19,087	\$ 1,360	\$ 20,447

**STATE OF NEW HAMPSHIRE  
COMBINING SCHEDULE OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE ACCOUNTS  
EMPLOYEE BENEFIT RISK MANAGEMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Expressed in Thousands)**

	<b>Health</b>				
	<b>Active</b>	<b>Retirees</b>	<b>Total</b>	<b>Dental</b>	<b>Total</b>
<b>OPERATING REVENUES</b>					
Charges for Sales and Services					
Contributions For Health Benefits					
State Contributions:					
Active Employees.....	\$ 163,060		\$ 163,060	\$ 11,991	\$ 175,051
Retired Judges & Constitutional Officers.....	\$ 553		553		553
Retired Employees.....	52,270		52,270		52,270
Non-State Contributions:					
Active Employees.....	8,986		8,986		8,986
Other Employers.....	1,253		1,253	90	1,343
COBRA Participants.....	822		822	131	953
Legislator Participants.....	694	161	855	130	985
Retirement Subsidies & Deductions.....	14,631		14,631		14,631
Recoveries.....	3,421	3,046	6,467		6,467
Federal Part D Subsidies.....		4,073	4,073		4,073
Total Contributions for Health Benefits.....	178,236	74,734	252,970	12,342	265,312
Total Charges for Sales and Services.....	178,236	74,734	252,970	12,342	265,312

**OPERATING EXPENSES**

Health Care Expenses:					
Medical Payments.....	132,760	36,649	169,409	11,112	180,521
Pharmaceuticals.....	35,515	29,475	64,990		64,990
Ancillary Benefits.....		889	889		889
Total Health Care Expenses.....	169,164	66,124	235,288	11,112	246,400
Administrative Expenses.....	5,562	4,170	9,732	720	10,452
Enrollment.....	221	173	394		394
Total Operating Expenses.....	174,947	70,467	245,414	11,832	257,246
Change in Net Assets.....	3,289	4,267	7,556	510	8,066
Net Assets - July 1 .....	6,724	4,807	11,531	850	12,381
Net Assets - June 30.....	\$ 10,013	\$ 9,074	\$ 19,087	\$ 1,360	\$ 20,447

## Component Units

**STATE OF NEW HAMPSHIRE**  
**COMBINING STATEMENT OF NET ASSETS**  
**NON-MAJOR COMPONENT UNITS**  
**JUNE 30, 2010**  
**(Expressed in Thousands)**

	<b>Business Finance Authority</b>	<b>Community Development Finance Authority</b>	<b>Pease Development Authority</b>	<b>Community College System of New Hampshire</b>	<b>Total</b>
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents.....	\$ 6,932	\$ 10,552	\$ 4,795	\$ 11,733	\$ 34,012
Cash and Cash Equivalents-Restricted.....				1,193	1,193
Accounts Receivable.....	363	806	1,533	4,936	7,638
Other Receivables-Restricted.....			1,984		1,984
Due From Primary Government - Current Portion				2,278	2,278
Notes Receivable - Current Portion.....	5,313	965		37	6,315
Prepaid Expenses & Other.....	47	165	475	1	688
<b>Total Current Assets.....</b>	<b>12,655</b>	<b>12,488</b>	<b>9,980</b>	<b>18,985</b>	<b>54,108</b>
Noncurrent Assets:					
Investments.....	10,686			6,645	17,331
Notes & Other Receivables.....	12,418	2,264		10	14,692
Other Assets.....	195		932		1,127
Capital Assets:					
Land & Land Improvements.....			4,731		4,731
Building & Building Improvements.....	2,454		118,502	29,544	150,500
Equipment.....	41	141	10,614		10,796
Construction in Progress.....			1,889		1,889
Less: Accumulated Depreciation.....	(57)	(107)	(55,639)	(5,890)	(61,693)
Net Capital Assets.....	2,438	34	80,097	23,654	106,223
<b>Total Noncurrent Assets.....</b>	<b>23,299</b>	<b>2,264</b>	<b>932</b>	<b>6,655</b>	<b>33,150</b>
<b>Total Assets.....</b>	<b>38,392</b>	<b>14,786</b>	<b>91,009</b>	<b>49,294</b>	<b>193,481</b>
Current Liabilities:					
Accounts Payable.....	20	121	961		1,102
Accrued Salaries and Wages.....				4,748	4,748
Accrued Employee Benefits - Current.....	32			4,869	4,901
Other Payables & Accrued Expenses.....	1,930	6,374	924		9,228
Other Liabilities.....	335		110	2,117	2,562
Deposits and Deferred Revenues.....	2,691	431	519	3,946	7,587
Due to Primary Government-Current Portion.....			2,820		2,820
Long Term Debt-Current Portion.....			859	1,169	2,028
<b>Total Current Liabilities.....</b>	<b>5,008</b>	<b>6,926</b>	<b>6,193</b>	<b>16,849</b>	<b>34,976</b>
Noncurrent Liabilities:					
Due to Primary Government.....			6,044		6,044
Other Long Term Debt.....	25,348		3,997	16,060	45,405
<b>Total Noncurrent Liabilities.....</b>	<b>25,348</b>		<b>10,041</b>	<b>16,060</b>	<b>51,449</b>
<b>Total Liabilities.....</b>	<b>30,356</b>	<b>6,926</b>	<b>16,234</b>	<b>32,909</b>	<b>86,425</b>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt....	2,438	34	66,718	6,425	75,615
Restricted for Specific Purpose.....		1,275	1,083	7,235	9,593
Restricted for Long Term Receivable.....			1,984		1,984
Unrestricted.....	5,598	6,551	4,990	2,725	19,864
<b>Total Net Assets.....</b>	<b>\$ 8,036</b>	<b>\$ 7,860</b>	<b>\$ 74,775</b>	<b>\$ 16,385</b>	<b>\$ 107,056</b>

**STATE OF NEW HAMPSHIRE**  
**COMBINING STATEMENT OF ACTIVITIES**  
**NON-MAJOR COMPONENT UNITS**  
**JUNE 30, 2010**  
**(Expressed in Thousands)**

	<b>Business Finance Authority</b>	<b>Community Development Finance Authority</b>	<b>Pease Development Authority</b>	<b>Community College System of New Hampshire</b>	<b>Total</b>
<b>Expenses.....</b>	\$ 3,038	\$ 16,690	\$ 17,155	\$ 119,593	\$ 156,476
<b>Program Revenues:</b>					
Charges for Services:					
Tuition & Fees.....				51,757	51,757
Scholarship Allowances.....	2,861	1,980	14,405	8,522	27,768
Sales, Services, & Other Revenue.....		15,965	7,128	19,538	42,631
Operating Grants & Contributions.....	-				
Capital Grants & Contributions.....	2,861	17,945	21,533	79,817	122,156
Total Program Revenues.....	(177)	1,255	4,378	(39,776)	(34,320)
Interest & Investment Income.....	233	142	4	4,029	4,408
Payments (to) from State of New Hampshire.....	(3)			36,499	36,496
Change in Net Assets.....	53	1,397	4,382	752	6,584
<b>Net Assets - Beginning.....</b>	7,983	6,463	70,393	15,633	100,472
<b>Net Assets - Ending.....</b>	<b>\$ 8,036</b>	<b>\$ 7,860</b>	<b>\$ 74,775</b>	<b>\$ 16,385</b>	<b>\$ 107,056</b>

## Fiduciary Funds

### Pension Trust Funds

*The New Hampshire Retirement System consists of a cost-sharing multiple-employer contributory pension plan (Pension Plan) and trust established in 1967 by RSA 100:A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code and four separate cost-sharing multiple-employer postemployment medical subsidy healthcare plans.*

**Pension Plan:** *the pension plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State of New Hampshire are eligible and required to participate in the System. Full-time employees of political subdivisions, including counties, municipalities and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.*

**Other Postemployment Medical Plans (OPEB):** *Pursuant to RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b New Hampshire Retirement System administers four defined benefit postemployment medical subsidy healthcare plans designated in statute by membership type. The four plans are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees, collectively referred to as the OPEB Plans.*

### Judicial Retirement Plan

*The New Hampshire Judicial Retirement Plan (the Plan) was established on January 1, 2005 pursuant to RSA 100-C:2 and is intended for all time to meet the requirements of a qualified pension trust within the meaning of section 401(a) and to qualify as a governmental plan within the meaning of section 414(d) of the United States Internal Revenue Code. It is a defined benefit plan providing disability, death, and retirement protection for full-time supreme court, superior court, district court or probate court judges employed within the state.*

**STATE OF NEW HAMPSHIRE****COMBINING STATEMENT OF PLAN NET ASSETS****PENSION TRUST FUNDS****JUNE 30, 2010**

(Expressed in Thousands)

	Other Postemployment Medical Plans (OPEB)						Judicial Retirement Plan	Total
	Pension Plan	Group II Police Officer & Firefighter		Group 1 Teachers	Group 1 Political Subdivisions	Group 1 State Employees		
<b>ASSETS</b>								
Cash & Cash Equivalents.....	\$ 7,848	\$ 24	\$ 11	\$ 49		\$ 1,032	\$ 8,964	
Cash Collateral on Security Lending.....	466,159	1,398	625	2,884				471,066
Total Cash.....	474,007	1,422	636	2,933	0	1,032	480,030	
Receivables:								
Due from Employers.....	27,201					385	27,586	
Due from State.....	7,760						7,760	
Due from Plan Members.....	16,500						26	16,526
Due from Group 1 State Employee .....							0	
OPEB Plan.....								0
Due from Brokers for Securities Sold....	87,129	261	117	539				88,046
Interest and Dividends.....	13,441	40	18	83		339	13,921	
Other .....	2,891	9	4	18			2,922	
Total Receivables.....	154,922	310	139	640	0	750	156,761	
Investments								
Cash & Cash Equivalents.....	109,756	329	147	679				110,911
Equity Investments								
Domestic.....	2,115,514	6,344	2,835	13,087		15,985	2,153,765	
International.....	845,108	2,535	1,133	5,228		5,753	859,757	
Fixed Income Investments								
Domestic.....	1,174,680	3,523	1,575	7,266		8,718	1,195,762	
International.....	210,028	630	282	1,299			212,239	
Commercial Real Estate.....	242,288	727	325	1,499		4,466	249,305	
Alternative Investments.....	92,862	279	125	574		0	93,840	
Total Investments.....	4,790,236	14,367	6,422	29,632	0	34,922	4,875,579	
Other Assets.....	651	2	1	4				658
Total Assets.....	5,419,816	16,101	7,198	33,209	0	36,704	5,513,028	
<b>LIABILITIES</b>								
Securities Lending Collateral.....	466,159	1,398	625	2,884				471,066
Management Fees and Other Payables.....	6,087	18	8	38		26	6,177	
Due to Brokers for Securities Purchased..	99,718	299	134	617			100,768	
Total Liabilities.....	571,964	1,715	767	3,539	0	26	578,011	
Net Assets Held in Trust for .....								
Benefits & Other Purposes.....	\$ 4,847,852	\$ 14,386	\$ 6,431	\$ 29,670	\$ -	\$ 36,678	\$ 4,935,017	

**STATE OF NEW HAMPSHIRE  
COMBINING STATEMENT OF CHANGES  
IN PLAN NET ASSETS  
PENSION TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Expressed in Thousands)**

	Other Postemployment Medical Plans (OPEB)							Total	
	Pension Plan	Group II Police Officer & Firefighter	Group 1 Teachers	Group 1 Political Subdivisions	Group 1 State Employees	Judicial Retirement Plan			
<b>ADDITIONS</b>									
<b>Contributions:</b>									
Employer .....	\$ 224,135	\$ 6,217	\$ 9,560	\$ 404	\$ 10,399	\$ 1,754	\$ 252,469		
State Contributions on Behalf of .....									
Local Employers.....	45,542	1,926	4,054					51,522	
Total Employer Contributions.....	269,677	8,143	13,614	404	10,399	1,754	303,991		
Plan Member.....	149,512						636	150,148	
Total Contributions.....	419,189	8,143	13,614	404	10,399	2,390	454,139		
<b>Investment Income:</b>									
From Investing Activities:									
Net Appreciation(Depreciation)									
in Fair Value of Investments.....	458,580	10,803	2,237	5,237		3,057	479,914		
Interest.....	51,808	1,221	252	591		897	54,769		
Dividends.....	31,403	740	153	358			32,654		
Alternative Investment Income (loss).....	4,404	104	21	50			4,579		
Commercial Real Estate Operating Income.....	17,047	402	83	195			17,727		
Total Income from Investing Activities.....	563,242	13,270	2,746	6,431	-	3,954	589,643		
<b>Less: Investment Activity Expenses:</b>									
Investment Management Fees.....	16,954	399	83	194		16	17,646		
Custodial Fees.....	430	10	2	5		32	479		
Investment Advisor Fees.....	739	17	4	8		60	828		
Total Investment Activity Expenses.....	18,123	426	89	207	-	108	18,953		
Total Net Income from Investing Activities.....	545,119	12,844	2,657	6,224	-	3,846	570,690		
<b>From Securities Lending Activities:</b>									
Security Lending Income.....	1,244	29	5	14			1,292		
Less: Security Lending Borrower Rebates.....	(440)	(10)	(2)	(5)			(457)		
Less: Security Lending Management Fees.....	311	7	2	4			324		
Net Income from Securities Lending Activities.....	1,373	32	5	15	-		1,425		
<b>Total Net Investment Income.....</b>	<b>546,492</b>	<b>12,876</b>	<b>2,662</b>	<b>6,239</b>	<b>-</b>	<b>3,846</b>	<b>572,15</b>		
Other.....	88,213	(30)	(6)	(15)	17,482		105,644		
<b>Total Additions.....</b>	<b>1,053,894</b>	<b>20,989</b>	<b>16,270</b>	<b>6,628</b>	<b>27,881</b>	<b>6,236</b>	<b>1,131,898</b>		
<b>DEDUCTIONS</b>									
Benefits/Distributions to Participants.....	490,075	15,916	26,779	7,009	10,171	4,226	554,176		
Refunds of Contributions.....	21,851						21,851		
Administrative Expense.....	6,391	151	31	73			190	6,836	
Professional Fees.....	1,205	28	6	14				1,253	
Other.....	1,776	89,547	9	17,502				108,834	
<b>Total Deductions.....</b>	<b>521,298</b>	<b>105,642</b>	<b>26,825</b>	<b>24,598</b>	<b>10,171</b>	<b>4,416</b>	<b>692,950</b>		
<b>Change in Net Assets.....</b>	<b>532,596</b>	<b>(84,653)</b>	<b>(10,555)</b>	<b>(17,970)</b>	<b>17,710</b>	<b>1,820</b>	<b>438,948</b>		
<b>NET ASSETS HELD IN TRUST FOR BENEFITS</b>									
Beginning of the Year.....	4,315,256	99,039	16,986	47,640	(17,710)	34,858	4,496,069		
End of the Year.....	\$ 4,847,852	\$ 14,386	\$ 6,431	\$ 29,670	\$ -	\$ 36,678	\$ 4,935,017		

## Private - Purpose Trust Funds

**Special Fund for Second Injury:** *The intent of the Second injury fund is to equalize the compensation costs that the employer and their insurance company must pay for impaired and non-impaired workers alike, thereby removing a potential barrier to the employment of impaired workers. This fund gives employers the opportunity to limit their compensation costs in the event that an impaired employee sustains a workers compensation injury, which leaves the worker more disabled than the same injury would leave a non-impaired worker. Each carrier and self-insured employer pays into the fund based on a formula per statute. Reimbursements for compensable payments made by insurance carriers and self-insured employers, are made only upon written order by the Labor Commissioner to the State Treasurer. The State Treasurer is the custodian of the fund and all moneys and securities in the fund are held in trust by the treasurer and do not constitute money or property of the state.*

**Electrical Assistance Program Utility Fund:** *The Electrical Assistance Program (EAP) was developed by the Public Utilities Commission (PUC) to respond to the Legislature's call for low-income programs as part of electric restructuring. Accordingly, PUC issued an order approving a program to provide bill assistance to customers, and set up this fund. This program provides income-eligible customers with discounts on their electric bills. Customer bills for low-income assistance are adjusted by the utility company. The state treasurer is the custodian of the fund, and all moneys and securities in the fund are held in trust by the state treasurer and do not constitute money or property of the state. According to the Consumer Affairs Director at PUC, if the Electrical Assistance Program (EAP) were to cease operations, the funds would not remain with Treasury, the custodian of the funds, they would have to be returned to the rate payers.*

**College Savings:** *This fund is The New Hampshire Excellence in Higher Education Endowment Trust Fund; a non state program which has the purpose of providing scholarships for the benefit of residents of the state of New Hampshire who are pursuing programs of study at eligible educational institutions within the state. Funding will come from a portion of the administrative proceeds of New Hampshire's UNIQUE College Investing Plan. The fund is administered by the New Hampshire College Tuition Savings Plan Advisory Commission, and scholarships will be granted based on need and merit. The State Treasurer is the trustee of the fund.*

**Other:** *The other category consists of several accounts whose trust arrangements provide principal and income to benefit individuals, private organizations or other governments. They include: NH Veterans Home Funds, Prison Funds, Laconia State School, Japanese Charitable Trust, Youth Development Center, Rural Rehab. Corporation, Matthew Elliott Trust, YDC Other Funds, and the Special Fund for Active Cases.*

**STATE OF NEW HAMPSHIRE**  
**COMBINING STATEMENT OF NET ASSETS -**  
**PRIVATE - PURPOSE TRUST FUNDS**  
**JUNE 30, 2010**  
**(Expressed in Thousands)**

	<b>Private-Purpose Trust Funds</b>					<b>Total</b>	
	<b>Special Fund For</b>	<b>College</b>			<b>Other</b>		
	<b>Second Injuries</b>	<b>EAP</b>	<b>Savings</b>	<b>Private-Purpose</b>			
<b>ASSETS</b>							
Cash and Cash Equivalents.....	\$ 3,085	\$ 348	\$ 1,393	\$ 905		\$ 5,731	
Other Receivables.....		0	0	572		14,937	
Investments.....			14,365				
Total Assets.....	3,085	348	15,758	1,477		20,668	
<b>LIABILITIES</b>							
Total Liabilities.....							
Net Assets Held in Trust for Benefits .....							
& Other Purposes.....	\$ 3,085	\$ 348	\$ 15,758	\$ 1,477		\$ 20,668	

**STATE OF NEW HAMPSHIRE**  
**STATEMENT OF CHANGES IN NET ASSETS -**  
**PRIVATE-PURPOSE TRUST FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**(Expressed in Thousands)**

	<b>Private Purpose Trust Funds</b>				
	<b>Special Fund For Second Injuries</b>	<b>EAP</b>	<b>College Savings</b>	<b>Other</b>	<b>Total Private Purpose</b>
<b><u>ADDITIONS</u></b>					
<b>Contributions:</b>					
From Participants.....	\$ 15,377	\$ 2,254	\$ 2,384	\$ 20,015	
Total Contributions.....	15,377	2,254	2,384		20,015
Interest Income.....	10	1	\$ 376	15	402
Other.....			12,140	593	12,733
<b>Total Additions.....</b>	<b>15,387</b>	<b>2,255</b>	<b>12,516</b>	<b>2,992</b>	<b>33,150</b>
<b><u>DEDUCTIONS</u></b>					
Benefits/Distributions to Participants.....	12,968	1,912	605	15,485	
Other.....			12,263	2,231	14,494
<b>Total Deductions.....</b>	<b>12,968</b>	<b>1,912</b>	<b>12,263</b>	<b>2,836</b>	<b>29,979</b>
<b>Net Increase/(Decrease).....</b>	<b>2,419</b>	<b>343</b>	<b>253</b>	<b>156</b>	<b>3,171</b>
<b><u>NET ASSETS HELD IN TRUST FOR BENEFITS &amp; OTHER PURPOSES</u></b>					
Beginning of the Year.....	666	5	15,505	1,321	17,497
<b>End of the Year.....</b>	<b>\$ 3,085</b>	<b>\$ 348</b>	<b>\$ 15,758</b>	<b>\$ 1,477</b>	<b>\$ 20,668</b>

## Agency Funds

**Unified Court System:** These funds are litigation accounts. When a party sues another party funds are held in the Judicial Branch Trust Funds until a judgment is made. These trust funds are classified by the court; Superior, Probate, District and Family Division, and have several account types within each court.

**Child Support Funds:** There are currently five non-state program funds reported under the child support funds and all function in a custodial capacity for the benefit of child support recipients. The Payroll account has the most activity and resulted from the transfer of activity from the Department of Probation to the Division of Human Services (Welfare) in 1981. This account includes the checking account for the dollars received and disbursed on behalf of those receiving Child Support. The revolving fund was established to make timely payment of certain child support enforcement services costs. The purpose of the child support enforcement program is to obtain from responsible parents reimbursement of financial assistance provided their dependent children. The Department of Human Services, Division of Child Support Services, has an agreement with ACS State and Local Solutions, Inc., to manage the billing, collection and telecommunication system operated on a statewide basis as part of the automated child support system, which is labeled the Lockbox account. This lockbox functions as DCSS' State Disbursement Unit (SDU). An SDU must be capable of receiving, recording and depositing wage assignments from employers and direct payments from non-custodial parents. Within 48 hours of receiving a payment, an SDU must make an accurate distribution of payments to families throughout New Hampshire, the remaining states and territories, and several foreign countries. The other two funds are used for collections relation to Juvenile Services restitution cases and court repayment of lawyer's fees.

**Lifetime License Fund:** The monies received by Fish and Game from the sale of lifetime licenses are deposited with the state treasurer who shall keep the same in a separate fund. The state treasurer shall invest the monies in the fund and shall annually transfer to fish and game an amount equal to 9 percent of the principal balance in the fund each year and any interest that accrues to the fund in excess of 5 percent. In addition, the state treasurer shall pay the amount of one annual license fee to fish and game from the proceeds of each lifetime license sold during the current year, the balance going into the prepaid license fund.

**Board of Tax and Land Appeals:** The Board of Tax and Land Appeals has an escrow account that is used for deposits of damages filed with the board on behalf of condemnees due to eminent domain takings. The condemnor shall be entitled to possession or right of entry upon deposit with the board of the amount of just compensation as estimated by the condemnor. The Board shall pay over the sum deposited upon demand to the condemnee.

**Other:** The other category consists of several accounts whose assets and liabilities for deposits and investments have been entrusted to the state as an agent for others. The following make up this category, Glencliff Home, Financial Responsibility, Dissolution of Corporations, Employee US Savings Bonds, Maine-NH Interstate Bridge Authority, Skyhaven Hangar, Corrections Funds, and the Community Conservation Endowment Funds.

**STATE OF NEW HAMPSHIRE**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2010**  
**(Expressed in Thousands)**

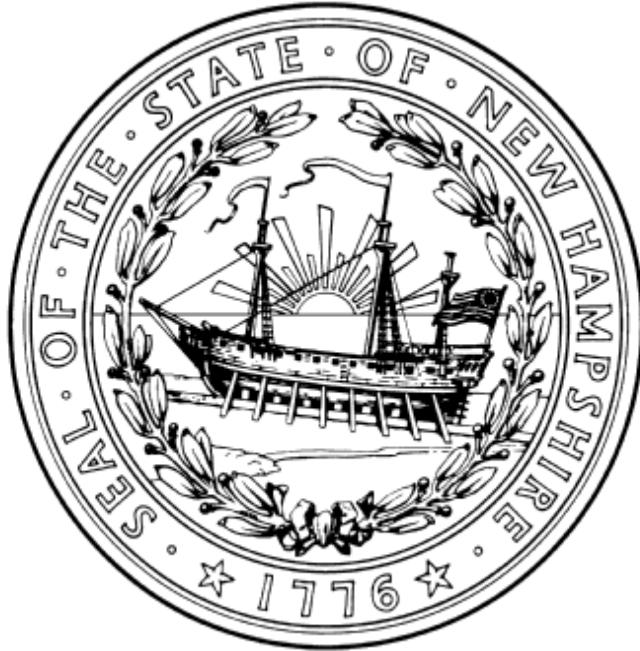
	<b>Agency Funds</b>						<b>Total</b>
	<b>Unified Court System</b>	<b>Child Support Funds</b>	<b>Lifetime License Fund</b>	<b>Board of Tax and Land Appeals</b>	<b>Other Agency Funds</b>		
<b>ASSETS</b>							
Cash and Cash Equivalents.....	\$ 6,838	\$ 1,907	\$ 19	\$ 1,461	\$ 3,813	\$ 14,038	
Investments.....	-	-	1,207	-	-	-	1,207
<b>Total Assets.....</b>	<b>\$ 6,838</b>	<b>\$ 1,907</b>	<b>\$ 1,226</b>	<b>\$ 1,461</b>	<b>\$ 3,813</b>	<b>\$ 15,245</b>	
<b>LIABILITIES</b>							
Custodial Funds Payable.....	\$ 6,838	\$ 1,907	\$ 1,226	\$ 1,461	\$ 3,813	\$ 15,245	
<b>Total Liabilities.....</b>	<b>\$ 6,838</b>	<b>\$ 1,907</b>	<b>\$ 1,226</b>	<b>\$ 1,461</b>	<b>\$ 3,813</b>	<b>\$ 15,245</b>	

**STATE OF NEW HAMPSHIRE  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Expressed in Thousands)**

	Balance			
	July 1, 2009	Additions	Deletions	June 30, 2010
<b>Unified Court System</b>				
	<b>ASSETS</b>			
Cash and Cash Equivalents.....	\$ 5,374	\$ 14,436	\$ 12,972	\$ 6,838
	<b>LIABILITIES</b>			
Custodial Funds Payable.....	\$ 5,374	\$ 14,436	\$ 12,972	\$ 6,838
<b>Child Support Funds</b>				
	<b>ASSETS</b>			
Cash and Cash Equivalents.....	\$ 1,488	\$ 92,594	\$ 92,175	\$ 1,907
	<b>LIABILITIES</b>			
Custodial Funds Payable.....	\$ 1,488	\$ 92,594	\$ 92,175	\$ 1,907
<b>Lifetime License Fund</b>				
	<b>ASSETS</b>			
Cash and Cash Equivalents.....	\$ 13	\$ 137	\$ 131	\$ 19
Investments.....	1,082	256	131	1,207
Total Assets.....	1,095	393	262	1,226
	<b>LIABILITIES</b>			
Custodial Funds Payable.....	\$ 1,095	\$ 393	\$ 262	\$ 1,226
<b>Board of Tax and Land Appeals</b>				
	<b>ASSETS</b>			
Cash and Cash Equivalents.....	\$ 2,705	\$ 5,504	\$ 6,748	\$ 1,461
	<b>LIABILITIES</b>			
Custodial Funds Payable.....	\$ 2,705	\$ 5,504	\$ 6,748	\$ 1,461
<b>Other Agency Funds</b>				
	<b>ASSETS</b>			
Cash and Cash Equivalents.....	\$ 3,524	\$ 6,857	\$ 6,568	\$ 3,813
Investments.....	326		326	\$ 0
Total Assets.....	\$ 3,850	\$ 6,857	\$ 6,894	\$ 3,813
	<b>LIABILITIES</b>			
Custodial Funds Payable.....	\$ 3,850	\$ 6,857	\$ 6,894	\$ 3,813
<b>Totals - Agency Funds</b>				
	<b>ASSETS</b>			
Cash and Cash Equivalents.....	\$ 13,104	\$ 119,528	\$ 118,594	\$ 14,038
Investments.....	1,408	256	457	1,207
Total Assets.....	\$ 14,512	\$ 119,784	\$ 119,051	\$ 15,245
	<b>LIABILITIES</b>			
Custodial Funds Payable.....	14,512	119,784	119,051	15,245
Total Liabilities.....	\$ 14,512	\$ 119,784	\$ 119,051	\$ 15,245

# Statistical Section

*(Unaudited)*



**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF NET ASSETS BY COMPONENT**  
**LAST NINE FISCAL YEARS**  
*(Accrual Basis of Accounting, Expressed in Thousands)*

	<b>Fiscal Year</b>									
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	
<b>Govermental activities</b>										
Invested in capital assets,										
net of related debt	\$ 1,669,203	\$ 1,695,688	\$ 1,674,011	\$ 1,547,866	\$ 1,430,849	\$ 1,314,663	\$ 1,255,739	\$ 1,179,736	\$ 1,260,145	
Restricted	348,708	291,513	366,662	355,883	311,460	262,938	245,194	235,209	250,391	
Unrestricted	106,038	3,102	213,570	477,791	411,025	417,238	306,117	293,567	330,009	
Total governmental activities net assets	<u>\$ 2,123,949</u>	<u>\$ 1,990,303</u>	<u>\$ 2,254,243</u>	<u>\$ 2,381,540</u>	<u>\$ 2,153,334</u>	<u>\$ 1,994,839</u>	<u>\$ 1,807,050</u>	<u>\$ 1,708,512</u>	<u>\$ 1,840,545</u>	
<b>Business-type activities</b>										
Invested in capital assets,										
net of related debt	\$ 227,358	\$ 341,422	\$ 316,330	\$ 298,150	\$ 276,083	\$ 238,080	\$ 212,708	\$ 183,086	\$ 176,118	
Restricted	102,937	150,387	264,782	307,056	325,307	318,143	299,755	305,061	366,772	
Unrestricted	59,367	41,360	35,234	21,747	14,059	29,171	37,568	53,151	53,584	
Total business-type activities net assets	<u>\$ 389,662</u>	<u>\$ 533,169</u>	<u>\$ 616,346</u>	<u>\$ 626,953</u>	<u>\$ 616,449</u>	<u>\$ 585,394</u>	<u>\$ 550,031</u>	<u>\$ 541,298</u>	<u>\$ 596,474</u>	
<b>Primary government</b>										
Invested in capital assets,										
net of related debt	\$ 1,896,561	\$ 2,037,110	\$ 1,990,341	\$ 1,846,016	\$ 1,706,932	\$ 1,552,743	\$ 1,468,447	\$ 1,362,822	\$ 1,436,263	
Restricted	451,645	441,900	631,444	662,939	636,767	581,081	544,949	540,270	617,163	
Unrestricted	165,405	44,462	248,804	499,538	425,084	446,409	343,685	346,718	383,593	
Total primary government net assets	<u>\$ 2,513,611</u>	<u>\$ 2,523,472</u>	<u>\$ 2,870,589</u>	<u>\$ 3,008,493</u>	<u>\$ 2,768,783</u>	<u>\$ 2,580,233</u>	<u>\$ 2,357,081</u>	<u>\$ 2,249,810</u>	<u>\$ 2,437,019</u>	

Note: The state did not begin reporting government-wide statements until it implemented GASB Statement 34 in 2002.

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF CHANGES IN NET ASSETS**  
**LAST NINE FISCAL YEARS**  
*(Accrual Basis of Accounting, Expressed in Thousands)*

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
<b>Govermental Activities:</b>							
Expenses							
General government	\$ 568,119	\$ 495,720	\$ 420,367	\$ 358,060	\$ 353,814	\$ 331,651	\$ 263,634
Administration of justice and public protection	474,095	438,273	420,120	341,501	345,779	288,737	278,392
Resource protection and development	178,406	139,574	138,215	139,096	131,812	130,113	124,357
Transportation	587,542	518,415	443,258	411,475	416,518	383,435	380,358
Health and social services	2,162,636	1,980,286	1,877,924	1,714,445	1,681,182	1,785,525	1,778,791
Education	1,469,926	1,346,221	1,343,253	1,310,261	1,289,684	1,235,183	1,318,503
Interest expense	32,074	31,546	26,115	28,180	27,991	29,467	27,062
Total expenses	<u>5,472,798</u>	<u>4,950,035</u>	<u>4,669,252</u>	<u>4,303,018</u>	<u>4,246,780</u>	<u>4,184,111</u>	<u>4,171,097</u>
Program revenues							
Charges for services:							
General government	317,542	208,219	192,436	156,973	175,108	141,883	110,136
Administration of justice and public protection	411,353	315,081	315,613	297,505	279,700	282,820	272,943
Resource protection and development	76,960	64,216	62,406	64,304	63,333	62,381	51,423
Transportation	69,046	33,249	19,093	14,564	20,622	17,466	10,018
Health and social services	123,906	98,491	76,392	74,297	84,445	199,245	154,242
Education	8,550	(1330)	879	42,767	41,749	38,690	39,821
Operating grants and contributions	1,948,200	1,599,262	1,424,014	1,367,207	1,340,495	1,359,477	1,369,236
Capital grants and contributions	223,103	208,309	194,637	184,409	195,142	159,238	159,015
Total program revenues	<u>3,178,660</u>	<u>2,525,497</u>	<u>2,285,470</u>	<u>2,202,026</u>	<u>2,200,594</u>	<u>2,261,200</u>	<u>2,166,834</u>
Total Governmental Activities Net Program Expense	<u>(2,294,138)</u>	<u>(2,424,538)</u>	<u>(2,383,782)</u>	<u>(2,100,992)</u>	<u>(2,046,186)</u>	<u>(1,922,911)</u>	<u>(2,004,263)</u>
General Revenues and Other Changes in Net Assets							
Taxes							
General property taxes	393,296	395,151	387,952	384,708	384,873	393,426	494,364
Business Income Taxes	565,825	482,597					
Meals and Rental Tax	231,663	211,414					
Special taxes	464,519	473,215	1,329,137	1,383,540	1,282,467	1,240,922	1,142,406
Personal taxes	243,499	188,038	166,288	143,610	150,756	101,360	100,015
Business license taxes	146,684	145,973	151,321	151,472	149,502	154,335	151,744
Interest and investment income	7,037	15,291	18,169	35,631	11,895	6,557	5,832
Miscellaneous	49,648	56,174	48,314	43,695	39,759	46,156	42,620
Loss on transfer of assets to other entities	116,565	-	(106)				
Transfers	209,048	192,745	188,602	186,542	185,429	167,944	165,820
Total General Revenues and Other Changes in Net Assets	<u>2,427,784</u>	<u>2,160,598</u>	<u>2,289,677</u>	<u>2,329,198</u>	<u>2,204,681</u>	<u>2,110,700</u>	<u>2,102,801</u>
Total Governmental Activities Change in Net Assets	<u>\$ 133,646</u>	<u>\$ (263,940)</u>	<u>\$ (94,105)</u>	<u>\$ 228,206</u>	<u>\$ 158,495</u>	<u>\$ 187,789</u>	<u>\$ 98,538</u>
<b>Business-type Activities:</b>							
Expenses							
Turnpike System	\$ 82,237	\$ 80,433	\$ 80,411	\$ 72,136	\$ 75,580	\$ 58,582	\$ 56,816
Liquor Commission	397,490	385,794	367,847	349,084	330,701	313,838	295,798
Lottery Commission	168,853	172,630	186,906	186,907	183,871	160,282	165,532
Unemployment Compensation	458,098	280,385	19,645	95,673	81,582	82,549	116,802
Total expenses	<u>1,106,678</u>	<u>919,242</u>	<u>754,809</u>	<u>703,800</u>	<u>671,734</u>	<u>615,251</u>	<u>634,948</u>
Revenues							
Charges for services:							
Turnpike System	120,511	107,593	107,075	89,408	83,395	67,866	65,691
Liquor Commission	530,936	507,479	479,448	454,917	433,530	411,764	387,215
Lottery Commission	237,591	243,890	264,014	267,322	265,807	230,543	239,630
Unemployment Compensation	399,746	165,896	77,051	79,777	87,729	102,012	109,627
Capital grants and contributions	-	3,952	8,816	10,422	16,757	6,373	7,338
Total revenues	<u>1,288,784</u>	<u>1,028,810</u>	<u>936,404</u>	<u>901,846</u>	<u>887,218</u>	<u>818,558</u>	<u>809,501</u>
Total Business-type Activities Net Program Revenue	<u>182,106</u>	<u>109,568</u>	<u>181,595</u>	<u>198,046</u>	<u>215,484</u>	<u>203,307</u>	<u>174,553</u>
Other Changes in Net Assets							
Loss on Transfer of Capital Assets	(116,565)						
Transfers	(209,048)	(192,745)	(188,602)	(186,542)	(185,429)	(167,944)	(165,820)
Total Other Changes in Net Assets	<u>(325,613)</u>	<u>(192,745)</u>	<u>(188,602)</u>	<u>(186,542)</u>	<u>(185,429)</u>	<u>(167,944)</u>	<u>(165,820)</u>
Total Business-type Activities Change in Net Assets	<u>\$ (143,507)</u>	<u>\$ (83,177)</u>	<u>\$ (7,007)</u>	<u>\$ 11,504</u>	<u>\$ 30,055</u>	<u>\$ 35,363</u>	<u>\$ 8,733</u>
Total Primary Government Change in Net Assets	<u>\$ (9,861)</u>	<u>\$ (347,117)</u>	<u>\$ (101,112)</u>	<u>\$ 239,710</u>	<u>\$ 188,550</u>	<u>\$ 223,152</u>	<u>\$ 107,271</u>

Notes: The State did not begin reporting government-wide statements until it implemented GASB Statement 34 in 2002.

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF CHANGES IN NET ASSETS**  
**LAST NINE FISCAL YEARS**  
*(Accrual Basis of Accounting, Expressed in Thousands)*

<b>Fiscal Year</b>	
<b>2003</b>	<b>2002</b>

\$ 250,160	\$ 185,269
283,944	231,309
128,320	115,670
488,947	419,048
1,516,228	1,358,774
1,301,202	1,292,751
28,525	30,609
<b>3,997,326</b>	<b>3,633,430</b>

98,653	66,629
260,782	247,972
60,752	56,114
5,211	7,058
96,823	81,071
36,085	32,413
1,194,229	1,003,587
153,630	200,429
1,906,165	1,695,273
<b>(2,091,161)</b>	<b>(1,938,157)</b>

504,191      502,604

1,070,627	1,059,080
94,029	84,222
145,422	141,851
7,851	1,289
48,827	51,030
(64,001)	(7,725)
<b>152,182</b>	<b>148,727</b>
<b>1,959,128</b>	<b>1,981,078</b>
<b>\$ (132,033)</b>	<b>\$ 42,921</b>

\$ 58,080	\$ 55,677
277,135	259,986
157,036	149,791
143,429	120,623
<b>635,680</b>	<b>586,077</b>

66,830	66,515
362,421	341,935
223,605	215,916
79,830	102,604
-	-
<b>732,686</b>	<b>726,970</b>
<b>97,006</b>	<b>140,893</b>

<b>(152,182)</b>	<b>(148,727)</b>
<b>(152,182)</b>	<b>(148,727)</b>

<b>\$ (55,176)</b>	<b>\$ (7,834)</b>
<b>\$ (187,209)</b>	<b>\$ 35,087</b>

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST NINE FISCAL YEARS**  
*(Modified Accrual Basis of Accounting, Expressed in Thousands)*

	<b>Fiscal Year</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>General fund</b>					
Reserved	\$ 305,243	\$ 291,901	\$ 330,064	\$ 294,199	\$ 313,252
Unreserved	65,681	-	17,184	61,713	26,056
<b>Total general fund</b>	<b>\$ 370,924</b>	<b>\$ 291,901</b>	<b>\$ 347,248</b>	<b>\$ 355,912</b>	<b>\$ 339,308</b>
<b>All other governmental funds</b>					
Reserved	\$ 132,435	\$ 165,743	\$ 304,436	\$ 222,264	\$ 296,346
Unreserved, reported in:					
Special revenue funds	12,477	(50,281)	(23,511)	(15,385)	12,161
Capital project fund	(63,519)	(132,927)	(245,939)	(142,837)	(219,095)
<b>Total all other governmental funds</b>	<b>\$ 81,393</b>	<b>\$ (17,465)</b>	<b>\$ 34,986</b>	<b>\$ 64,042</b>	<b>\$ 89,412</b>

	<b>Fiscal Year</b>			
	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>General fund</b>				
Reserved	\$ 223,162	\$ 220,077	\$ 188,642	\$ 257,638
Unreserved	82,202	15,287	-	(37,869)
<b>Total general fund</b>	<b>\$ 305,364</b>	<b>\$ 235,364</b>	<b>\$ 188,642</b>	<b>\$ 219,769</b>
<b>All other governmental funds</b>				
Reserved	\$ 246,043	\$ 325,307	\$ 251,573	\$ 323,912
Unreserved, reported in:				
Special revenue funds	10,030	(6,689)	(9,982)	(1,513)
Capital project fund	(130,913)	(207,182)	(144,898)	(152,128)
<b>Total all other governmental funds</b>	<b>\$ 125,160</b>	<b>\$ 111,436</b>	<b>\$ 96,693</b>	<b>\$ 170,271</b>

Notes: Due to changes in the state's fund structure initiated when GASB Statement 34 was implemented, the fund balance information is available only beginning in 2002.

**STATE OF NEW HAMPSHIRE****SCHEDULE OF CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS****LAST NINE FISCAL YEARS***(Modified Accrual Basis of Accounting, Expressed in Thousands)*

	Fiscal Year								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Revenues</b>									
General property taxes	\$ 393,296	\$ 392,951	\$ 387,552	\$ 385,308	\$ 384,273	\$ 392,276	\$ 493,614	\$ 504,891	\$ 501,704
Special taxes	1,208,180	1,168,412	1,352,476	1,301,889	1,237,742	1,216,864	1,137,423	1,054,577	1,018,713
Personal taxes	243,499	188,038	166,288	143,610	150,756	101,360	100,015	94,029	84,222
Business License Taxes	165,508	166,930	172,277	171,316	168,544	173,039	170,322	162,973	159,480
Non-Business License Taxes	216,878	183,974	187,103	181,171	167,476	173,800	169,592	163,764	155,279
Fees	194,331	155,528	153,675	143,541	139,319	132,264	121,636	116,266	111,044
Fines, Penalties and Interest	11,953	28,498	35,383	27,421	32,223	24,188	24,365	22,663	20,598
Grants from Federal Government	2,073,667	1,680,891	1,497,606	1,409,251	1,414,103	1,415,070	1,380,605	1,236,223	1,104,470
Grants from Private and Local Sources	112,077	160,365	147,682	130,297	124,633	103,856	139,976	117,978	101,248
Rents and Leases	10,350	1,574	1,051	1,396	1,360	1,296	1,457	1,333	1,612
Interest, Premiums and Discounts	12,289	19,774	24,440	46,286	19,091	11,970	5,101	11,700	7,583
Sale of Commodities	11,829	10,921	10,465	8,425	8,778	8,701	8,882	11,783	11,354
Sale of Service	93,667	76,489	62,499	93,054	94,700	166,472	153,423	94,314	88,892
Assessments	81,009	64,901	53,069	51,017	54,081	82,209	16,422	14,322	17,365
Grants from Other Agencies	118,206	18,130	7,265	10,887	22,869	20,583	5,659	4,644	3,241
Miscellaneous	219,431	157,950	168,130	124,702	150,260	155,059	164,421	159,922	119,753
Total Revenues	5,166,170	4,475,326	4,426,961	4,229,571	4,169,608	4,179,007	4,092,913	3,771,382	3,506,558
<b>Expenditures</b>									
General Government	420,360	380,799	346,347	314,597	308,187	311,755	217,050	211,475	116,665
Administration of Justice and Public Protection	416,073	374,532	353,675	330,616	326,360	278,905	259,579	254,551	235,113
Resource Protection and Development	239,175	153,204	161,485	170,249	159,099	159,575	163,155	162,006	136,224
Transportation	536,552	452,209	305,378	290,093	284,686	258,243	237,711	236,479	221,572
Health and Social Services	2,133,629	1,945,122	1,838,018	1,713,604	1,663,667	1,786,260	1,755,287	1,505,655	1,352,660
Education	1,362,028	1,274,261	1,304,734	1,273,184	1,260,372	1,208,781	1,281,614	1,263,036	1,286,651
Debt Service									
Principal	69,321	65,832	64,829	62,570	60,560	55,298	57,717	59,685	50,691
Interest	41,803	41,803	31,941	32,627	32,608	35,433	29,023	29,906	32,068
Capital Outlay	197,342	242,758	354,337	314,549	337,945	288,150	281,348	316,403	289,050
Total expenditures	5,416,283	4,930,520	4,760,744	4,502,089	4,433,484	4,382,400	4,282,484	4,039,196	3,720,694
Revenues Over (Under) Expenditures	(250,113)	(455,194)	(333,783)	(272,518)	(263,876)	(203,393)	(189,571)	(267,814)	(214,136)
<b>Other Financing Sources (Uses)</b>									
Transfers In	43,244	58,458	35,986	43,373	7,183	41,311	59,716	68,796	86,434
Transfers In from Enterprise Funds	209,048	192,745	188,602	186,542	185,429	167,944	165,820	152,182	148,727
Transfers Out	(43,244)	(58,458)	(35,986)	(43,373)	(7,183)	(41,311)	(59,716)	(68,796)	(86,434)
G.O. Bond Premiums	23,509	2,219	6,548	7,386	1,462	181	3,417	6,912	3,340
G.O. Bond Issuance	282,599	179,380	161,320	196,885	75,000	117,800	80,000	101,477	105,130
Payments to Refunding Bond Escrow Agent	(168,608)	(30,255)	(60,000)	(127,787)				(97,830)	
Installments on Sale of Assets	30,000								
Repayment (Issuance) of BANS	50,000								(50,000)
Capital Lease Acquisition	157	296	198	810	537	134	1,159	2,600	
Total Other Financing Sources (Uses)	426,705	344,385	296,668	263,836	262,428	285,925	249,371	163,900	209,797
Change in Reserve for Inventory	274,436	3,011	(605)	(84)	(356)	1,192	1,665	(791)	1,934
<b>Net Change in Fund Balances</b>	<b>\$ 451,028</b>	<b>\$ (107,798)</b>	<b>\$ (37,720)</b>	<b>\$ (8,766)</b>	<b>\$ (1804)</b>	<b>\$ 83,724</b>	<b>\$ 61,465</b>	<b>\$ (104,705)</b>	<b>\$ (2,405)</b>
<b>Debt Service as a Percentage of Non-Capital Expenditure:</b>	2.2%	2.4%	2.2%	2.3%	2.3%	2.3%	2.2%	2.5%	2.5%

Notes: Due to changes in the state's fund structure initiated when GASB Statement 34 was implemented, the changes in fund balance information is available only beginning in 2002.

**STATE OF NEW HAMPSHIRE****SCHEDULE OF UNRESTRICTED REVENUE - GAAP BASIS****GENERAL FUND****FOR THE LAST TEN FISCAL YEARS**

(Expressed in Thousands)

**Fiscal Year Ended June 30**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Beer Tax.....	\$ 13,065	\$ 12,695	\$ 12,720	\$ 12,728	\$ 12,805	\$ 12,413	\$ 12,445	\$ 12,281	\$ 12,157	\$ 11,656
Board and Care Revenue.....	22,072	21,338	19,937	18,354	13,261	15,583	12,384	11,197	10,692	13,333
Business Profits Tax.....	258,633	251,925	317,439	287,423	264,027	196,647	131,585	137,757	128,574	179,615
Business Enterprise Tax.....	71,744	61,889	77,710	79,291	75,190	114,110	118,538	96,574	121,016	122,165
Estate and Legacy Tax.....	48	(4)	214	617	3,224	11,659	26,971	59,074	56,958	59,348
Insurance Tax.....	86,804	94,144	95,876	97,909	90,462	88,706	86,246	82,161	76,094	66,441
Securities Revenue.....	34,231	34,680	34,700	32,964	30,064	27,904	26,344	25,778	26,060	28,023
Interest and Dividends Tax.....	84,866	97,126	118,693	108,086	80,543	67,896	55,630	55,129	70,334	76,651
Liquor.....	120,718	146,000	133,052	124,742	120,644	112,555	106,676	98,996	96,237	89,344
Meals and Rooms Tax.....	228,291	203,603	206,726	202,595	193,788	186,486	178,480	168,722	164,045	157,202
Dog Racing.....	334	385	525	703	559	1,112	1,515	1,572	1,487	1,262
Horse Racing.....	1,184	1,633	2,440	2,398	2,313	2,401	2,474	2,459	2,701	2,592
Gambling Winning Tax.....	2,933									
Games of Chance.....		1,181								
Real Estate Transfer Tax.....	55,994	53,539	77,690	91,704	106,161	107,821	95,162	78,859	66,393	59,488
Telephone/Communications Tax.....	80,965	80,243	80,932	72,986	70,496	70,039	65,781	62,522	64,663	49,045
Tobacco Tax.....	130,521	59,257	57,060	65,337	69,892	73,159	71,471	67,066	60,294	61,007
Tobacco Settlement.....	4,221	12,821	8,404			2,441	1,816	5,862	5,725	
Utilities Tax.....	5,976	6,535	6,285	5,757	6,385	6,265	5,121	7,078	5,565	9,656
Courts Fines and Fees.....	13,022	29,295	31,300	30,452	29,500	25,517	24,673	22,114	23,234	23,218
Flexible Grant.....							25,000	25,000		
Other:										
Corporate Returns.....	712	647	682	678	744	733	748	750	711	681
Interstate Vehicle Registrations.....	1,132	1,231	1,362	167	2,411	2,334	2,253	2,310	2,377	2,602
Corporate Filing Fees.....	3,016	3,271	3,346	3,414	3,716	3,231	2,947	3,346	3,341	3,427
Interest on Surplus Funds.....	(545)	404	5,352	7,776	4,868	1,712	174	75	1,250	3,754
Reimbursement of Indirect Costs....	8,340	7,214	6,858	6,822	6,265	6,724	6,671	5,675	5,511	4,255
Miscellaneous.....	78,862	74,031	71,412	69,612	44,092	44,878	44,258	40,409	32,403	32,917
Subtotal.....	1,308,320	1,253,902	1,370,715	1,322,515	1,231,410	1,182,326	1,105,363	1,072,766	1,037,822	1,057,682
Net Medicaid Enhancement Revenues (MER).....	98,136	99,626	93,111	83,257	73,617	147,209	149,831	116,979	98,208	85,217
Recoveries.....	19,854	21,827	20,108	15,875	24,462	22,989	20,374			
Subtotal.....	1,426,310	1,375,355	1,483,934	1,421,647	1,329,489	1,352,524	1,275,568	1,189,745	1,136,030	1,142,899
Other MER Transferred to/(from) Uncompensated Care Pool.....						39,062	35,143	16,594	16,263	12,966
Total Unrestricted Revenue.....	\$ 1,426,310	\$ 1,375,355	\$ 1,483,934	\$ 1,421,647	\$ 1,329,489	\$ 1,391,586	\$ 1,310,711	\$ 1,206,339	\$ 1,152,293	\$ 1,155,865

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF UNDESIGNATED FUND BALANCE - GENERAL FUND**  
**FOR THE LAST TEN FISCAL YEARS**  
**(Expressed in Thousands)**

	Fiscal Year Ended June 30									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Balance, July 1(Budgetary Method).....	\$ 24,094	\$ 103,494	\$ 92,966	\$ 80,329	\$ 123,174	\$ 73,757	\$ (56,799)	\$ (53,537)	\$ 59,503	\$ (14,396)
Additions:										
Unrestricted Revenue.....	1,426,310	1,375,355	1,483,934	1,421,647	1,329,489	1,352,524	1,275,568	1,189,745	1,136,030	1,142,899
(1)Unrestricted Revenue - UCP .....					39,062	35,143	16,594	16,263	12,966	
Total Unrestricted Revenue.....	1,426,310	1,375,355	1,483,934	1,421,647	1,329,489	1,391,586	1,310,711	1,206,339	1,152,293	1,155,865
Transfer from Other Funds.....	9,576	865	47,409	1,938	27,013	8,709	9,161	517	3,358	1,787
Bonds Authorized and Unissued.....						42,800				5,130
Additional Lottery Transfer.....										
Other Credits.....	6,800	529	437	116	137	1,126	821	35	247	48
Total Additions.....	1442,686	1,376,749	1,531,780	1,423,701	1,356,639	1,444,221	1,320,693	1,206,891	1,161,028	1,157,700
Deductions:										
Appropriations Net										
of Estimated Revenues:										
General Government.....	319,116	342,736	338,358	297,294	281,005	303,522	248,390	233,118	228,190	227,278
Administration of Justice										
and Public Protection.....	217,743	209,521	222,982	200,236	195,145	172,289	168,515	163,516	161,406	154,450
Resource Protection										
and Development.....	38,183	42,348	45,674	43,078	42,056	41,454	41,673	41,161	41,511	38,764
Transportation.....	573	155	1,713	2,704	6,021	2,885	2,759	3,286	3,399	2,920
Health and Social Services.....	663,458	678,334	695,610	633,792	614,948	608,735	589,392	516,550	498,534	242,393
Education.....	201,346	197,570	236,560	223,498	210,520	256,466	247,543	265,552	242,657	175,520
Liquor Commission.....	-	37,570	35,465	31,949	30,585	27,562	28,879	24,943	25,035	22,860
(2)Special Fund.....										238,823
Subtotal.....	1440,419	1,509,234	1,575,822	1,432,551	1,380,280	1,412,913	1,327,151	1,248,126	1,200,732	1,103,008
Uncompensated Care Pool.....					39,062	35,143	16,594	16,263	12,966	
Health Care Transition Fund (HCTF).....										
Total Appropriations Net										
of Estimated Revenues.....	1440,419	1,509,234	1,575,822	1,432,551	1,380,280	1,451,975	1,362,294	1,264,720	1,216,995	1,115,974
Less: Lapses.....	(60,700)	(71,246)	(61,628)	(41,582)	(34,045)	(57,969)	(57,491)	(20,650)	(26,179)	(33,010)
Lapses - HCTF.....										(95)
Total Lapses.....	(60,700)	(71,246)	(61,628)	(41,582)	(34,045)	(57,969)	(57,491)	(20,650)	(26,179)	(33,105)
Net Appropriations.....	1,379,719	1,437,988	1,514,194	1,390,969	1,346,235	1,394,006	1,304,803	1,244,070	1,190,816	1,082,869
Transfers to Other Funds.....	52,988	18,067	6,887			757				
Other Debits.....	1,452	94	171	95	1,547	41	37			105
Transfer to (from) Fund Equity										
Designation or Reserve Accounts.....	(79,734)			20,000	51,702	-	(37,857)	(33,917)	83,252	827
Total Deductions.....	1,354,425	1,456,149	1,521,252	1,411,064	1,399,484	1,394,804	1,266,983	1,210,153	1,274,068	1,083,801
Balance, June 30 (Budgetary Method).....	12,355	24,094	103,494	92,966	80,329	123,174	(3,089)	(56,799)	(53,537)	59,503
GAAP Adjustments:										
Receivables.....	38,435	55,183	41,090	33,647	39,098	34,313	32,722	29,676	26,254	4,121
Accounts Payable and										
Accrued Liabilities.....	(116,599)	(100,100)	(106,756)	(100,451)	(88,809)	(93,773)	(94,872)	(88,271)	(67,704)	(44,552)
Transfer from General										
to Liquor Fund.....		(5,973)	(5,322)	(5,030)	(4,562)	(4,012)	(4,191)	(4,324)	(3,148)	(2,738)
Transfer from General										
to Special Fund.....										(9,833)
Additional Transfers (to)										
from Reserve Accounts.....		79,734					37,857			(83,347)
Total GAAP Adjustments.....	(78,164)	28,844	(70,988)	(71,834)	(54,273)	(63,472)	(66,341)	(25,062)	(44,598)	(136,349)
Year-End Transfer to/from the.....										
Education Trust Fund.....	31,490	(52,938)	(15,322)	40,581		22,500	7,871	5,015	(16,580)	
Balance (Deficit), June 30 (GAAP).....	\$ 65,681	\$ 17,184	\$ 61,713	\$ 26,056	\$ 82,202	\$ (61,559)	\$ (76,846)	\$ (114,715)	\$ (76,846)	

(1) UCP = Uncompensated Care Pool

(2) In fiscal year 2002, the special fund, which was used to capture federal grants and state match, was combined with the general fund.

**STATE OF NEW HAMPSHIRE****SCHEDULE OF UNDESIGNATED FUND BALANCE****EDUCATION FUND****FOR THE LAST TEN FISCAL YEARS**

(Expressed in Thousands)

	<b>Fiscal Year Ended June 30</b>									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Balance July 1.....	\$	\$	\$	\$ 8,357	\$	\$	\$	\$	\$	\$ 66,348
<b>Additions</b>										
Unrestricted Revenue										
Statewide Property Tax.....	363,166	363,653	363,066	363,335	363,392	350,368	443,350	452,997	454,135	417,964
Statewide Property Tax.....			58	-	-	20,934	29,844	32,666	28,987	24,194
Utility Property Tax.....	29,929	28,972	24,196	21,847	20,881	20,102	20,160	18,834	18,170	15,621
BPT Increase.....	57,590	53,894	67,961	57,755	56,578	50,748	41,000	37,100	32,645	15,800
BET Increase.....	122,157	123,389	154,990	174,208	150,380	130,600	116,900	121,400	101,215	36,700
Meals & Rooms.....	4,235	6,107	7,632	7,218	7,138	7,153	6,875	6,701	6,604	6,859
Real Estate Tax Increase .....	28,832	27,736	38,616	45,663	52,545	51,960	47,515	39,426	33,073	29,735
Tobacco Tax Increase.....	113,004	128,796	109,260	78,283	80,902	28,214	28,582	26,977	23,968	25,356
Tobacco Settlement.....	40,000	40,000	40,000	40,781	38,961	40,000	40,000	40,000	40,000	38,745
Initial Tobacco										
Settlement Payment.....										
Lottery Proceeds.....	67,584	69,619	77,010	80,548	81,987	70,263	73,745	66,569	66,125	59,348
Other .....										175
Total Revenue.....	826,497	842,166	882,789	869,638	852,764	770,342	847,971	842,670	804,922	670,497
General Fund										
Budgeted Appropriations.....							61,378	62,590	83,420	65,690
Total Additions.....	826,497	842,166	882,789	869,638	852,764	831,720	910,561	926,090	870,612	711,056
<b>Deductions</b>										
Appropriations										
Adequate Education Grant.....	341,682	529,085	529,075	472,783	473,534	441,610	451,640	443,873	426,523	406,817
Adequate Education Grant.....	363,166	363,653	363,066	363,335	363,392	350,368	443,350	452,997	454,135	417,964
Total Grants.....	704,848	892,738	892,141	836,118	836,926	791,978	894,990	896,870	880,658	824,781
DOE-Hardship Grants.....	5,000	5,000	5,000	5,000	5,000	1,000		5,000	5,000	769
DRA-Property Tax Relief.....	210	390	700	(1,200)	(2,100)	(2,800)	7,700			
DRA-Tax Relief Admin.....										
DOE-Kindergarten Aid.....	3,678			2,004				2,625	1,972	
DOE-Fiscal Disparity Grants.....	39,760									
DOE-Education Transition Aid....	43,657									
DOE-Admin. & Computers.....										
Total Appropriations.....	797,153	898,128	897,841	841,922	839,826	790,178	902,690	904,495	887,630	825,550
Less Lapses.....	(2,146)	(3,024)	270	(4,508)	4,581	19,042			(438)	(25)
Net Appropriations.....	795,007	895,104	898,111	837,414	844,407	809,220	902,690	904,495	887,192	825,525
Current Year Balance.....	31,490	(52,938)	(15,322)	32,224	8,357	22,500	7,871	21,595	(16,580)	(114,469)
<b>End of Year</b>										
<b>Transfers From(To)</b>										
General Fund.....										
FY 2000.....										48,121
FY 2001.....										16,580
FY 2002.....										(16,580)
FY 2003.....										(5,015)
FY 2003.....										
FY 2004.....										(7,871)
FY 2005.....										
FY 2007.....										(22,500)
FY 2008.....										
FY 2009.....										
FY 2010.....										
Balance June 30.....	\$	\$	\$	\$	\$ 8,357	\$	\$	\$	\$	\$

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF UNDESIGNATED FUND BALANCE**  
**HIGHWAY FUND**  
**FOR THE LAST TEN FISCAL YEARS**  
(Expressed in Thousands)

	<b>Fiscal Year Ended June 30</b>									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Balance (Deficit) July 1(Budgetary Method)....	\$ (35,361)	\$ (13,691)	\$ (3,940)	\$ 17,738	\$ 18,792	\$ 3,063	\$ (4,271)	\$ 6,227	\$ (18,274)	\$ (7,346)
<b>Additions:</b>										
Unrestricted Revenue:										
Gasoline Tax.....	123,741	132,125	137,036	129,514	127,924	131,975	129,863	124,221	121,665	119,507
Motor Vehicle Fees.....	150,158	99,312	100,908	93,327	85,747	93,190	89,934	87,725	83,715	72,066
Other.....	65,597	17,031	11,035	15,817	14,183	7,418	6,270	4,737	6,343	8,872
Total Unrestricted Revenue.....	339,496	248,468	248,979	238,658	227,854	232,583	226,067	216,683	211,723	200,445
Bonds Authorized and Unissued (1).....		240,000								
Other Credits * .....										19,436
Total Additions.....	579,496	248,468	248,979	238,658	227,854	232,583	226,067	216,683	231,159	200,445
<b>Deductions:</b>										
Appropriations Net of										
Estimated Revenues.....	299,552	300,721	283,195	281,647	275,775	253,894	235,021	238,453	229,962	222,593
Less: Appropriation Adjustment *** .....	(19,770)			(8,000)	(33,100)	(26,600)				
Less: Lapses ** .....	(15,249)	(28,675)	(20,902)	(14,957)	(14,233)	(12,307)	(16,677)	(13,133)	(23,149)	(14,064)
Net Appropriations.....	264,533	272,046	262,293	258,690	228,442	214,987	218,344	225,320	206,813	208,529
Other Debits.....	7,721	(1,908)	(3,563)	1,646	466	1,867	389	1,861	(155)	2,844
Total Deductions.....	272,254	270,138	258,730	260,336	228,908	216,854	218,733	227,181	206,658	211,373
Balance, June 30 (Budgetary Method).....	271,881	(35,361)	(13,691)	(3,940)	17,738	18,792	3,063	(4,271)	6,227	(18,274)
<b>GAAP Adjustment:</b>										
Receivables.....	3,911	3,645	1,270	1,948	4,006	1,413	19	1,511	360	271
Bonds Authorized and Unissued.....		(240,000)								
Accounts Payable and										
Accrued Liabilities.....	(26,896)	(23,146)	(15,087)	(15,889)	(20,493)	(13,231)	(12,644)	(9,851)	(10,696)	(8,414)
Total GAAP Adjustments.....	(262,985)	(19,501)	(13,817)	(13,941)	(16,487)	(11,818)	(12,525)	(8,340)	(10,336)	(8,143)
Balance (Deficit), June 30 (GAAP).....	\$ 8,896	\$ (54,862)	\$ (27,508)	\$ (17,881)	\$ 1,251	\$ 6,974	\$ (9,462)	\$ (12,611)	\$ (4,109)	\$ (26,417)

\* FY 2002 - Other Credits of \$19,436 represents local revenue in excess of estimates accumulated over several years.

\*\* FY 2002 Lapse increases by \$6.3 million for close out of Federal Funds and related state match.

\*\*\* Adjustments where net appropriations for the Consolidated Federal Account is reduced and transferred to Undesignated Surplus

(1) Bonding Authority per Ch 228-A:2 for federal highway grant anticipation bonds (Garvee Bonds) as modified by Ch 231:13 L'10

**STATE OF NEW HAMPSHIRE****SCHEDULE OF UNDESIGNATED FUND BALANCE****FISH AND GAME FUND****FOR THE LAST TEN FISCAL YEARS**

(Expressed in Thousands)

	<b>Fiscal Year Ended June 30</b>									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Balance, July 1 (Budgetary Method).....	\$ 5,845	\$ 5,406	\$ 3,533	\$ 3,639	\$ 4,336	\$ 3,763	\$ 3,616	\$ 3,324	\$ 3,599	\$ 4,277
<b>Additions:</b>										
Unrestricted Revenue.....	9,944	10,269	10,741	10,248	9,558	9,530	9,164	8,924	8,374	8,230
Other Credits.....	1,819	1,655	1,828	854	850	1,153	507	939	806	811
Total Additions.....	11,763	11,924	12,569	11,102	10,408	10,683	9,671	9,863	9,180	9,041
<b>Deductions:</b>										
Appropriations Net of Estimated Revenues.....	12,915	13,541	12,604	12,869	12,281	11,236	10,651	10,593	10,545	10,238
Less: Lapses.....	(838)	(2,252)	(1,908)	(1,743)	(1,359)	(1,126)	(1,127)	(1,024)	(1,131)	(667)
Net Appropriations.....	12,077	11,289	10,696	11,126	10,922	10,110	9,524	9,569	9,414	9,571
Other Debits.....	500	196		82	183			2	41	148
Total Deductions.....	12,577	11,485	10,696	11,208	11,105	10,110	9,524	9,571	9,455	9,719
Current Year Balance.....	(814)	439	1,873	(106)	(697)	573	147	292	(275)	(678)
Balance, June 30 (Budgetary Method).....	5,031	5,845	5,406	3,533	3,639	4,336	3,763	3,616	3,324	3,599
<b>GAAP Adjustment:</b>										
Receivables.....	371	344	394	354	343	421	289	229	299	152
Accounts Payable and Accrued Liabilities.....	(1,821)	(1,608)	(1,803)	(1,391)	(1,429)	(1,701)	(1,279)	(1,216)	(1,027)	(1,036)
Total GAAP Adjustments.....	(1,450)	(1,264)	(1,409)	(1,037)	(1,086)	(1,280)	(990)	(987)	(728)	(884)
Balance, June 30 (GAAP).....	\$ 3,581	\$ 4,581	\$ 3,997	\$ 2,496	\$ 2,553	\$ 3,056	\$ 2,773	\$ 2,629	\$ 2,596	\$ 2,715

**STATE OF NEW HAMPSHIRE****SCHEDULE OF BUSINESS TAX FILERS AND LIABILITY BY TAX PAID LEVEL****BUSINESS PROFITS TAX - BPT (1)**

Taxes Paid Level	FISCAL YEAR 2010			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$5,000 and higher	3,432	28%	\$ 222,632,541	95%
\$1,000 - \$4,999	3,904	31%	9,691,312	4%
Under \$1,000	5,133	41%	1,583,730	1%
	<u>12,469</u>	<u>100%</u>	<u>\$ 233,907,583</u>	<u>100%</u>

**BUSINESS ENTERPRISE TAX - BET (2)**

	FISCAL YEAR 2010			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
	4,803	13%	\$ 147,567,184	46%
	12,428	34%	27,137,353	8%
	19,105	53%	147,567,184	46%
	<u>36,336</u>	<u>100%</u>	<u>\$ 322,271,721</u>	<u>100%</u>

**BUSINESS PROFITS TAX - BPT (1)**

Taxes Paid Level	FISCAL YEAR 2009			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$5,000 and higher	4,051	28%	\$ 263,820,090	95%
\$1,000 - \$4,999	4,564	31%	11,405,749	4%
Under \$1,000	5,879	41%	1,888,686	1%
	<u>14,494</u>	<u>100%</u>	<u>\$ 277,114,525</u>	<u>100%</u>

**BUSINESS ENTERPRISE TAX - BET (2)**

	FISCAL YEAR 2009			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
	5,198	12%	\$ 146,943,764	78%
	14,259	34%	30,659,274	16%
	22,194	53%	9,858,184	5%
	<u>41,651</u>	<u>100%</u>	<u>\$ 187,461,221</u>	<u>100%</u>

**BUSINESS PROFITS TAX - BPT (1)**

Taxes Paid Level	FISCAL YEAR 2008			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$5,000 and higher	4,245	29%	\$ 345,675,439	96%
\$1,000 - \$4,999	4,549	31%	11,367,721	3%
Under \$1,000	5,986	41%	1,891,098	1%
	<u>14,780</u>	<u>100%</u>	<u>\$ 358,934,257</u>	<u>100%</u>

**BUSINESS ENTERPRISE TAX - BET (2)**

	FISCAL YEAR 2008			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
	5,096	12%	\$ 139,909,338	78%
	14,146	34%	30,627,097	17%
	22,554	54%	9,962,503	6%
	<u>41,796</u>	<u>100%</u>	<u>\$ 180,498,938</u>	<u>100%</u>

**BUSINESS PROFITS TAX - BPT (1)**

Taxes Paid Level	FISCAL YEAR 2007			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$5,000 and higher	4,063	29%	\$ 285,614,405	96%
\$1,000 - \$4,999	4,226	31%	10,633,566	4%
Under \$1,000	5,566	40%	1,769,780	1%
	<u>13,855</u>	<u>100%</u>	<u>\$ 298,017,751</u>	<u>100%</u>

**BUSINESS ENTERPRISE TAX - BET (2)**

	FISCAL YEAR 2007			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
	4,832	12%	\$ 140,626,678	79%
	13,270	34%	28,834,377	16%
	21,142	54%	9,272,383	5%
	<u>39,244</u>	<u>100%</u>	<u>\$ 178,733,438</u>	<u>100%</u>

**BUSINESS PROFITS TAX - BPT (1)**

Taxes Paid Level	FISCAL YEAR 2006			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
\$5,000 and higher	4,176	30%	\$ 227,772,952	95%
\$1,000 - \$4,999	4,448	31%	11,273,616	5%
Under \$1,000	5,450	39%	1,721,564	1%
	<u>14,044</u>	<u>100%</u>	<u>\$ 240,768,132</u>	<u>100%</u>

**BUSINESS ENTERPRISE TAX - BET (2)**

	FISCAL YEAR 2006			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
	4,739	12%	\$ 132,537,782	77%
	13,419	33%	28,879,717	17%
	22,234	55%	9,708,523	6%
	<u>40,392</u>	<u>100%</u>	<u>\$ 171,126,022</u>	<u>100%</u>

Source: New Hampshire Department of Revenue for returns filed in fiscal year 2009.

Notes:

- (1) 8.5% tax assessed on income from conducting business activity within the state. For multi-state businesses, income is apportioned, using a weighted sales factor of 2 and the payroll and property factors.
- (2) 0.75% tax assessed on the enterprise value tax base, which is the sum of all compensation paid or accrued, interest paid or accrued, and dividends paid by the business enterprise, after special adjustments and apportionment.

**STATE OF NEW HAMPSHIRE****SCHEDULE OF STATEWIDE PROPERTY TAX FOR TOP TEN CITIES/TOWNS  
IN THOUSANDS****FISCAL YEAR 2010**

<b>City/Town</b>	<b>Rank</b>	<b>Equalized Value</b>	<b>Warrant Amount</b>
Manchester	1	\$ 9,972,707	\$21,292
Nashua	2	9,274,502	19,801
Salem	3	4,571,586	9,760
Portsmouth	4	3,956,463	8,447
Concord	5	3,939,198	8,410
Bedford	6	3,565,764	7,613
Merrimack	7	3,200,777	6,834
Hampton	8	3,134,405	6,692
Moultonborough	9	3,054,026	6,520
Londonderry	10	3,052,210	6,516

**FISCAL YEAR 2009****FISCAL YEAR 2008**

<b>City/Town</b>	<b>Rank</b>	<b>Equalized Value</b>	<b>Warrant Amount</b>	<b>City/Town</b>	<b>Rank</b>	<b>Equalized Value</b>	<b>Warrant Amount</b>
Manchester	1	\$ 10,183,639	\$21,793	Manchester	1	\$ 10,269,201	\$23,003
Nashua	2	9,633,372	20,615	Nashua	2	9,221,057	20,655
Salem	3	4,635,936	9,921	Salem	3	4,665,501	10,451
Portsmouth	4	4,051,242	8,670	Portsmouth	4	3,721,855	8,337
Concord	5	3,801,508	8,135	Concord	5	3,548,823	7,949
Bedford	6	3,497,190	7,484	Bedford	6	3,339,184	7,480
Merrimack	7	3,270,597	6,999	Derry	7	3,230,275	7,236
Hampton	8	3,146,653	6,734	Merrimack	8	3,205,670	7,181
Derry	9	3,125,324	6,688	Hampton	9	3,064,552	6,865
Londonderry	10	3,096,080	6,626	Londonderry	10	3,055,707	6,845

**FISCAL YEAR 2007****FISCAL YEAR 2006**

<b>City/Town</b>	<b>Rank</b>	<b>Equalized Value</b>	<b>Warrant Amount</b>	<b>City/Town</b>	<b>Rank</b>	<b>Equalized Value</b>	<b>Warrant Amount</b>
Manchester	1	\$ 9,316,890	\$23,432	Manchester	1	\$ 8,023,599	\$22,787
Nashua	2	8,362,475	21,032	Nashua	2	7,915,678	22,481
Salem	3	4,145,370	10,426	Salem	3	3,740,564	10,623
Portsmouth	4	3,403,768	8,560	Portsmouth	4	3,124,993	8,875
Concord	5	3,278,261	8,245	Concord	5	2,886,158	8,197
Bedford	6	3,019,624	7,594	Bedford	6	2,823,518	8,019
Merrimack	7	2,918,653	7,340	Merrimack	7	2,693,810	7,650
Londonderry	8	2,813,405	7,076	Londonderry	8	2,651,045	7,529
Derry	9	2,813,359	7,076	Derry	9	2,466,833	7,006
Hampton	10	2,749,152	6,914	Hampton	10	2,422,951	6,881

Source: New Hampshire Department of Revenue, warrants for Tax Year 2009, 2008, 2007, 2006 and 2005

Notes: The rate per \$1,000 of equalized value for fiscal years 2010, 2009, 2008, 2007 and 2006 were \$2.135, \$2.14, \$2.24, \$2.515 and \$2.84, respectively

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF SALES BY TOP TEN STATE LIQUOR RETAIL LOCATIONS**  
**LAST TEN FISCAL YEARS**  
**IN MILLIONS**

<b>Location</b>	<b>FISCAL YEAR</b>									
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
Hampton - North	\$ 29.8	\$ 27.4	\$ 26.6	\$ 25.3	\$ 23.9	\$ 23.1	\$ 22.7	\$ 21.6	\$ 20.0	\$ 18.4
Hampton - South	26.4	23.9	23.4	22.8	21.2	20.6	20.1	18.7	17.6	14.8
Portsmouth Traffic Circle	22.8	22.1	21.2	20.3	19.3	18.2	17.3	16.8	16.3	14.9
Salem	21.6	19.4	18.6	17.4	16.4	15.9	15.1	14.0	13.5	12.3
Nashua	17.8	15.9	13.1	12.7	12.9	12.4	12.9	12.8	12.8	12.6
Hooksett - North	17.8	16.4	15.5	14.7	13.9	13.8	13.0	12.3	11.5	10.8
Hooksett - South	14.2	12.9	12.2	11.6	11.1	10.9	10.4	9.7	8.9	8.3
Nashua	14.1	13.2	13.0	11.9	11.0	11.2	10.3	9.8	11.4	11.7
West Lebanon	11.2	10.9	10.0	9.7	9.5	9.2	8.8	8.6	8.9	8.8
Keene	9.7	9.9	9.6	8.6	7.3	4.6	4.3	4.9	4.6	4.0
Total	<b>\$185.4</b>	<b>\$172.0</b>	<b>\$163.2</b>	<b>\$155.0</b>	<b>\$146.5</b>	<b>\$139.9</b>	<b>\$134.9</b>	<b>\$129.2</b>	<b>\$125.5</b>	<b>\$116.6</b>

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

(Expressed in Thousands, except per capita)

<b>Fiscal Year</b>	<b>Governmental Activities</b>			<b>Business-Type Activities</b>			<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Bond Anticipation Notes</b>	<b>Capital Leases</b>	<b>General Obligation Bonds</b>	<b>Revenue Bonds</b>	<b>Capital Leases</b>			
2010	\$ 859,400	\$ 50,000	\$3,377	\$ 584	\$378,240	\$ 237	1,291,838	2.0%	966
2009	810,233		4,038	1,301	244,032	364	1,059,968	1.7%	800
2008	735,176		5,146	2,821	256,965	487	1,000,595	1.8%	760
2007	710,875		5,825	4,376	269,084	618	990,778	1.8%	755
2006	701,730		6,085	7,067	284,175	852	999,909	1.9%	764
2005	690,191		6,438	10,795	294,774	1,072	1,003,270	2.1%	771
2004	634,130	50,000	7,462	14,362	305,857	1,120	1,012,931	2.1%	784
2003	611,078	50,000	8,162	18,383	313,644	1,327	1,002,594	2.3%	783
2002	660,204		7,981	22,185	321,161	1,583	1,013,114	2.3%	797
2001	602,185	50,000	7,286	26,221	331,480		1,017,172	2.4%	809

Notes: Details regarding the state's debt can be found in Note 5 of the financial statements. See Schedule of Demographic and Economic Statistics for personal income and population data.

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Population</b>	<b>(Expressed in Thousands)</b>			<b>Ratio Of General Long- Term Debt To Assessed Value</b>	<b>General Long- Term Debt Per Capita</b>
		<b>(1)</b>	<b>(2)</b>	<b>(3)</b>		
		<b>Assessed Value</b>	<b>General Long-Term Debt</b>			
2010	1,337	\$ 168,600,212	\$ 859,984	0.51	\$ 643	
2009	1,325	160,571,630	811,534	0.51	612	
2008	1,316	170,079,711	737,997	0.43	561	
2007	1,312	173,624,015	715,251	0.41	545	
2006	1,309	173,176,615	708,797	0.41	541	
2005	1,301	165,222,644	700,986	0.42	539	
2004	1,292	147,483,615	648,492	0.44	502	
2003	1,281	131,148,359	629,461	0.48	491	
2002	1,271	114,813,249	682,389	0.59	537	
2001	1,257	99,073,654	628,406	0.63	500	

Source: (1) U.S. Dept. of Commerce, Bureau of Census, reflects the most current available data for all years represented (2009 estimated).  
(2) New Hampshire Department of Revenue Administration (2009 estimated). Equalization evaluation.  
(3) Includes all General Obligation Bonds Payable of the Primary Government.

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF PLEDGED REVENUE COVERAGE**  
**LAST TEN FISCAL YEARS**  
(Expressed in Thousands)

<b>Fiscal Year</b>	<b>Turnpike System Revenue Bonds</b>										<b>All Obligations Coverage Ratio</b>
	<b>Gross Revenues</b>	<b>Direct Operating Expenses</b>	<b>Net Revenue Available For Debt Service</b>	<b>Revenue Bond Debt Service</b>	<b>G.O. Bond Coverage Ratio</b>	<b>Revenue Bond Debt Service</b>	<b>Renewal &amp; Replacement</b>	<b>Total</b>			
2010	\$ 119,407	\$ 40,171 (1)	\$ 79,236	\$ 29,656	2.67	\$ 669	\$ 9,600	\$ 39,925			1.98
2009	107,660	40,361 (1)	67,299	25,873 (2)	2.60	1,597	10,040	37,510			1.79
2008	106,814	37,122 (1)	69,692	25,710	2.71	1,713	8,300	35,723			1.95
2007	89,054	36,158 (1)	52,896	28,078	1.88	2,985	6,047	37,110			1.43
2006	83,054	41,784 (1)	41,270	25,831	1.60	4,219	5,871	35,921			1.15
2005	68,318	30,041	38,277	27,003	1.42	4,246	5,700	36,949			1.04
2004	66,463	26,568	39,895	23,865	1.67	4,842	5,600	34,307			1.16
2003	67,086	24,505	42,581	24,749	1.72	5,183	5,700	35,632			1.20
2002	66,218	23,877	42,341	26,452	1.60	5,415	5,365	37,232			1.14
2001	63,981	21,352	42,629	25,352	1.68	5,696	5,431	36,479			1.17

(1) Fiscal years 2006 through 2009 calculations of Direct Operating Expenses subtract out the entire amount of current year depreciation expense (Turnpikes, Federal, & Highway match portions). However, prior year calculations still reflect the historical practice of subtracting only the Turnpikes portion of depreciation expense.

(2) The fiscal year 2009 debt service requirement consists of total payments to the Debt Service Account as required by the bond resolution. Debt service requirement calculations in the previous fiscal years consisted of the actual principal and interest paid over the fiscal year.

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>Population (in thousands)</b>	1,337	1,325	1,316	1,312	1,309	1,301	1,292	1,281	1,271	1,257
% Change	0.9%	0.7%	0.3%	0.2%	0.6%	0.7%	0.9%	0.8%	1.1%	1.4%
<b>Total Personal Income (in millions)</b>	64,704	62,890	56,356	54,640	51,964	48,681	47,190	44,327	43,393	42,624
% Change	2.9%	11.6%	3.1%	5.1%	6.7%	3.2%	6.5%	2.2%	1.8%	2.9%
<b>Per Capita Personal Income</b>	47,819	47,089	42,830	41,639	39,703	37,432	36,523	34,596	34,149	33,919
% Change	1.6%	9.9%	2.9%	4.9%	6.1%	2.5%	5.6%	1.3%	0.7%	1.6%
<b>Unemployment Rate</b>	5.9%	6.8%	4.0%	4.0%	3.3%	3.5%	3.9%	4.1%	4.5%	2.9%

Source: U.S. Department of Commerce, Bureau of the Census.  
Data is annualized based on activity through July 2009

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF BUILDING PERMITS FOR HOUSING UNITS**  
**FOR CALENDAR YEAR 2010**

**Building Permits Issued  
By Number of Units**

<u>Fiscal Year</u>	<u>Single Family</u>	<u>Multi-Family</u>	<u>Total</u>
2010	2,003	826	2,829
2009	1,646	428	2,074
2008	2,301	916	3,217
2007	3,772	789	4,561
2006	4,826	851	5,677
2005	6,432	1,154	7,586
2004	7,002	1,651	8,653
2003	6,583	2,058	8,641
2002	6,754	1,954	8,708
2001	5,910	714	6,624

Source: U.S. Department of Commerce, Bureau of the Census.  
Data is annualized based on activity through October 2010

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF PRINCIPLE (LARGEST) EMPLOYERS**

<u>Employer</u>	2010		
	Employees	Rank	Percentage of Total State Employment
1. State of New Hampshire.....	22,077	1	3.14%
2. Wal-Mart Stores Inc.....	8,974	2	1.28%
3. Dartmouth-Hitchcock Medical Center...	8,025	3	1.14%
4. University System of New Hampshire....	6,459	4	0.92%
5. Demoulas & Market Basket.....	6,000	5	0.85%
6. Hannaford Brothers.....	4,776	6	0.68%
7. Fidelity Investments.....	4,600	7	0.65%
8. BAE Systems.....	4,500	8	0.64%
9. Shaw's Supermarkets Inc.....	4,399	9	0.63%
10. Dartmouth College.....	4,399	10	0.63%
Total.....	74,209		10.56%

<u>Employer</u>	2009		
	Employees	Rank	Percentage of Total State Employment
1. State of New Hampshire.....	22,832	1	3.29%
2. Wal-Mart Stores Inc.....	9,017	2	1.30%
3. Dartmouth-Hitchcock Medical Center...	8,025	3	1.16%
4. University System of New Hampshire....	6,457	4	0.93%
5. Demoulas & Market Basket.....	6,000	5	0.86%
6. Fidelity Investments.....	5,500	6	0.79%
7. BAE Systems.....	4,700	7	0.68%
8. Shaw's Supermarkets Inc.....	4,516	8	0.65%
9. Hannaford Brothers.....	4,474	9	0.64%
10. Dartmouth College.....	4,407	10	0.63%
Total.....	75,928		10.93%

<u>Employer</u>	2008		
	Employees	Rank	Percentage of Total State Employment
1. State of New Hampshire.....	21,983	1	3.04%
2. Wal-Mart Stores Inc.....	8,631	2	1.19%
3. Dartmouth-Hitchcock Medical Center...	7,804	3	1.08%
4. University System of New Hampshire....	6,784	4	0.94%
5. Demoulas & Market Basket.....	6,000	5	0.83%
6. Fidelity Investments.....	5,700	6	0.79%
7. Liberty Mutual-Northern N.E. Division....	5,133	7	0.71%
8. Hannaford Brothers.....	4,629	8	0.64%
9. Shaw's Supermarkets Inc.....	4,500	9	0.62%
10. Dartmouth College.....	4,246	10	0.59%
Total.....	75,410		10.43%

<u>Employer</u>	2007		
	Employees	Rank	Percentage of Total State Employment
1. State of New Hampshire.....	21,655	1	2.99%
2. Wal-Mart Stores Inc.....	8,012	2	1.11%
3. University System of New Hampshire....	6,668	3	0.92%
4. Market Basket.....	6,600	4	0.91%
5. Dartmouth Hitchcock Medical Center...	6,211	5	0.86%
6. Fidelity Investments.....	5,430	6	0.75%
7. Shaw's Supermarkets.....	4,700	7	0.65%
8. Hannaford Supermarkets.....	4,663	8	0.64%
9. Dartmouth College.....	4,246	9	0.59%
10. BAE Systems.....	4,100	10	0.57%
Total.....	72,285		9.99%

<u>Employer</u>	2006		
	Employees	Rank	Percentage of Total State Employment
1. State of New Hampshire.....	21,121	1	2.93%
2. Wal-Mart Stores Inc.....	8,659	2	1.20%
3. Dartmouth Hitchcock Medical Center...	7,100	3	0.98%
4. University System of New Hampshire....	6,901	4	0.96%
5. Market Basket.....	6,600	5	0.92%
6. Hannaford Supermarkets.....	5,374	6	0.75%
7. Fidelity Investments.....	4,859	7	0.67%
8. Shaw's Supermarkets.....	4,600	8	0.64%
9. Dartmouth College.....	4,246	9	0.59%
10. BAE Systems.....	4,100	10	0.57%
Total.....	73,560		10.21%

Source: New Hampshire Business Review / Book of Lists 2010

USNH Fact Book 2010

State of NH Payroll Department

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF OPERATING INDICATORS BY FUNCTION**

	2010	2009	2008	2007	2006
<b><u>General Government</u></b>					
<b>Secretary of State</b>					
Corporate Division Filings:					
LLC Certificate of Formation.....	14,639	16,412	17,323	17,461	21,048
Trade Name Registrations.....	17,110	16,165	17,530	17,307	22,231
Corp. - Certificate of Authority.....	4,202	4,189	4,614	4,721	6,157
Other Corporate Filings.....	7,103	8,940	6,295	7,491	9,445
<b><u>Administration of Justice &amp; Public Protection</u></b>					
<b>Department of Safety</b>					
Troop Station Personnel:					
Headquarters - Merrimack.....	220	195	199	196	190
Troop A - Rockingham/Strafford.....	43	47	49	56	56
Troop B - Hillsborough.....	52	51	54	51	55
Troop C - Cheshire/Sullivan.....	33	38	38	39	38
Troop D - Merrimack.....	41	41	41	43	44
Troop E - Belknap/Carroll.....	34	34	33	35	33
Troop F - Coos/Grafton.....	47	46	42	48	47
Troop G - Merrimack.....	67	73	79	-	-
<b>Department of Corrections</b>					
Number of Prison Inmates:					
NHSP/Men - Concord.....	1,467	1,407	1,398	1,348	1,301
NHSP/Women - Goffstown.....	120	147	142	114	100
Lakes Region Facility - Laconia.....	-	298	316	284	264
Northern Correctional Facility - Berlin.....	745	587	573	544	536
SPU/RTU & Transitional Housing.....	365	344	344	325	321
<b><u>Resource Protection &amp; Development</u></b>					
<b>Department of Resources and Economic Development</b>					
Number of visitors at top 10 state parks:					
Cannon Mountain 1.....	187,950	192,748	130,000	169,924	81,533
Flume.....	103,958	147,395	139,146	133,161	132,947
Hampton Beach 1.....	52,908	98,681	57,992	46,756	88,283
Wallis Sands Beach.....	64,200	62,484	92,182	66,212	46,528
Pawtuckaway.....	83,002	88,403	84,907	92,019	44,673
Wellington.....	29,974	42,179	54,744	49,218	34,417
Mt. Sunapee Beach.....	34,555	28,718	21,952	33,249	32,150
Silver Lake.....	16,806	21,188	28,780	36,076	28,475
Odiorne Point.....	17,338	18,109	21,566	24,372	23,299
Ellacoya.....	29,836	25,401	39,308	46,074	21,972

(1) - In addition to per person charges these parks also have charges per vehicle and season passes. Beginning in FY 2007, attendance methodologies were revised to more accurately reflect visitation.

Source: The State Departments of Secretary of State, Safety, Corrections, and Resource & Economic Development.

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF OPERATING INDICATORS BY FUNCTION - CONTINUED**

	2010	2009	2008	2007	2006
<b>Department of Environmental Services</b>					
Dollars disbursed by program:					
SRF - Clean water.....	\$ 42,797,121	\$18,130,550	\$23,238,600	\$25,231,659	\$10,597,219
SRF - Drinking water.....	24,873,672	7,517,227	13,339,877	16,094,390	11,268,138
SRF - Brownfield.....	671,906	165,625	1,062,586	-	56,352
Landfills.....	981,070	1,287,790	1,944,036	2,030,802	2,067,751
Water filtration.....	1,051,844	1,153,861	1,387,255	1,632,596	1,484,583
Interconnection Grants.....	49,916	128,047	107,409	109,386	-
Water supply land.....	113,167	571,655	772,093	373,750	577,301
Waste water.....	6,463,894	9,003,767	10,820,000	12,195,029	11,826,356
Aquatic weed.....	205,616	285,554	330,798	268,781	258,191
Household hazardous waste.....	162,623	153,155	95,971	149,744	140,974
Used oil.....	31,866	35,661	30,506	33,611	18,975
<b>Transportation</b>					
<b>Department of Safety</b>					
Number of motor vehicle registrations by county:					
Belknap.....	74,260	74,975	75,395	76,315	74,947
Carroll.....	66,233	66,861	66,461	68,816	66,563
Cheshire.....	81,759	82,460	82,535	85,133	84,397
Coos.....	38,809	39,541	40,313	41,614	41,287
Grafton.....	94,470	95,305	95,726	98,002	95,424
Hillsborough.....	394,162	395,186	394,380	403,722	398,493
Merrimack.....	163,368	164,749	165,887	169,271	167,730
Rockingham.....	334,903	336,828	337,654	342,793	339,579
Strafford.....	116,165	116,674	115,783	120,495	116,865
Sullivan.....	49,810	50,375	51,100	52,157	50,526
Other (Indeterminable).....	-	219	466	989	-
<b>Health &amp; Social Services</b>					
<b>Department of Health &amp; Human Services</b>					
Number of caseloads by program:					
Medical assistance.....	75,751	70,176	67,966	66,505	65,279
TANF.....	5,335	5,034	4,586	5,472	6,031
Nursing services for elderly.....	4,357	4,334	4,498	4,544	4,781
Child & family services.....	25,928	19,568	19,831	18,945	18,594
Food stamps.....	51,401	40,682	31,830	29,203	27,665
<b>Education</b>					
<b>Community College System of New Hampshire</b>					
Enrollment	11,782	10,659	9,528	9,011	8,577
<b>University System of New Hampshire</b>					
Enrollment	26,843	26,485	26,117	25,499	24,932

Source: The State Departments of Environmental Services, Safety, Health and Human Services, Community College System of New Hampshire, and the University System of New Hampshire.

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF STATE EMPLOYEES BY FUNCTION**

<b>Full-Time Employees</b>	<b>FISCAL YEAR</b>				
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>General Government</b>					
Office of Information Technology.....	353	388	391	391	390
Department of Administrative Services.....	312	312	303	294	252
Department of Revenue Administration.....	177	194	186	190	183
All other.....	446	459	456	453	450
<b>Administration of Justice and Public Protection</b>					
Department of Safety.....	1,065	1,085	1,096	1,092	1,057
Department of Corrections.....	856	944	975	967	973
Judicial Branch.....	220	670	676	673	682
Department of Employment Security.....	357	312	314	319	327
All other.....	902	906	917	881	879
<b>Resource Protection and Development</b>					
Department of Environmental Services.....	469	470	474	469	475
Department of Resource and Economic Development..	192	193	206	205	212
All other.....	199	197	195	186	189
<b>Transportation</b>					
Department of Transportation.....	1,677	1,623	1,643	1,658	1,683
<b>Health and Social Services</b>					
Department of Health and Human Services:					
New Hampshire Hospital.....	704	737	756	749	772
Office of Commissioner.....	565	617	635	625	585
Division of Children and Youth.....	336	372	371	350	358
Division of Transitional Assistance.....	318	337	335	318	317
New Hampshire Veteran's Home.....	323	326	328	316	279
Division of Juvenile Justice Services.....	290	313	315	321	348
Office of Health Management.....	232	265	271	267	262
All other.....	410	422	433	438	435
<b>Education</b>					
Community College System Of New Hampshire.....	769	756	748	719	709
Department of Education.....	263	267	269	277	274
All other.....	87	92	92	92	90
<b>State Total.....</b>	<b>11,522</b>	<b>12,257</b>	<b>12,385</b>	<b>12,250</b>	<b>12,181</b>
<b>Part-Time and Temporary Employees</b>					
General Government.....	736	728	729	730	725
Administration of Justice and Public Protection.....	4,435	4,005	3,745	3,617	3,374
Resource Protection and Development.....	1,697	1,465	1,369	1,237	1,301
Transportation.....	463	458	449	461	444
Health and Social Services.....	453	582	633	614	535
Education.....	2,771	3,337	2,673	2,746	2,561
<b>State Total.....</b>	<b>10,555</b>	<b>10,575</b>	<b>9,598</b>	<b>9,405</b>	<b>8,940</b>

Source: The Department of Administrative Services, Division of Accounting Services.

**STATE OF NEW HAMPSHIRE**  
**SCHEDULE OF CAPITAL ASSET BALANCES BY FUNCTION**  
**GOVERNMENTAL ACTIVITIES**  
**LAST NINE FISCAL YEARS**  
*(Amounts in Thousands)*

<b>Function</b>	<b>Fiscal Year</b>								
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>Land &amp; Land Improvements</b>									
General Government.....	\$ 7,146	\$ 5,885	\$ 5,886	\$ 5,885	\$ 5,764	\$ 5,764	\$ 5,782	\$ 5,782	\$ 5,782
Administration of Justice & Public Protection.....	27,751	28,951	28,772	28,771	28,672	28,672	28,306	28,030	27,930
Resource Protection & Development.....	238,131	236,391	228,569	223,510	219,679	204,882	197,542	172,995	164,410
Transportation.....	319,476	310,714	305,299	281,263	233,585	220,610	186,692	166,595	260,751
Health & Social Services.....	4,033	4,033	4,034	4,033	4,154	4,138	4,138	3,906	3,906
Education.....	4,194	4,185	3,883	2,949	2,924	2,642	2,640	2,640	2,640
<b>Building &amp; Building Improvements</b>									
General Government.....	180,055	152,335	147,036	146,348	135,795	135,795	102,174	97,426	92,880
Administration of Justice & Public Protection.....	219,953	221,332	216,691	215,140	204,555	202,720	171,573	170,208	162,127
Resource Protection & Development.....	65,954	64,347	69,479	63,286	62,389	62,389	61,206	60,563	58,662
Transportation.....	69,589	65,360	56,143	48,274	45,816	27,988	24,304	24,304	21,493
Health & Social Services.....	119,742	119,157	112,434	111,160	82,395	81,995	70,870	70,549	69,077
Education.....	110,142	91,087	83,641	77,624	76,016	66,235	62,933	61,190	60,719
<b>Equipment and Computer Software</b>									
General Government.....	29,419	29,204	19,149	12,994	9,003	8,672	2,923	2,905	3,164
Administration of Justice & Public Protection.....	97,380	79,569	76,594	69,585	62,524	50,501	51,570	44,054	38,020
Resource Protection & Development.....	19,543	18,822	18,891	18,061	17,550	16,336	15,364	15,143	14,731
Transportation.....	77,851	76,653	67,209	56,587	46,539	44,955	43,622	33,031	33,086
Health & Social Services.....	55,286	55,066	58,636	53,466	43,238	42,900	42,233	33,949	25,293
Education.....	10,018	9,682	8,359	8,340	8,030	7,785	7,383	7,177	6,314
<b>Infrastructure</b>									
Transportation.....	3,036,174	3,048,728	2,865,262	2,744,520	2,652,916	2,532,386	2,531,841	2,503,567	2,464,137

**STATE OF NEW HAMPSHIRE**  
ACKNOWLEDGEMENTS



**REPORT PREPARED BY THE DIVISION OF ACCOUNTING SERVICES**

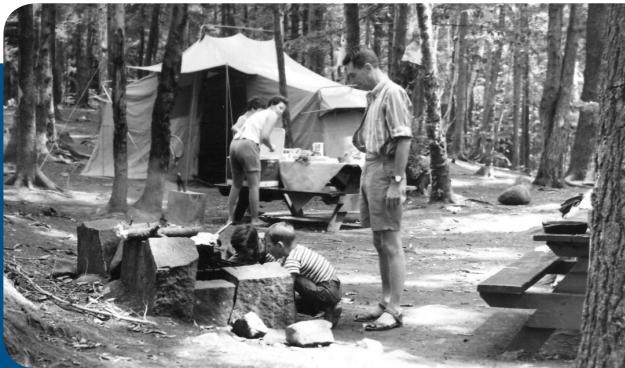
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# Parks Progress

## Monadnock State Park



### Gilson Pond Campground

On July 9, 2010, the first new campground in the NH State Park System in over 40 years opened at Monadnock State Park. The Gilson Pond Campground has 35 campsites and 5 remote hike-to sites. A new bathhouse with showers and playground complete this facility.

## Hampton Beach State Park



### Hampton Beach Redevelopment Project

On May 5, 2010, an historic redevelopment project began at Hampton Beach State Park. New amenities include two new bathhouses and a new Seashell Complex with a new performance space. Construction is scheduled to be complete for the 2012 season.

## Franconia Notch State Park



### Cannon Mountain Ski Area

On March 25, 2009, 100 acres of the dormant Mittersill Ski Area joined the system of State Lands as part of Cannon Mountain Ski Area. Installation of a new Mittersill double chair began during the summer of 2010 and is expected to open in early 2011.



Celebrating 75 Years of New Hampshire State Parks

Cover: Pawtuckaway State Park

Back: Bear Brook State Park

